

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LTD.

2nd Annual Report for the period of 2006 - 2007

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M.S.E.T.C.LTD.

**MAHARASHTRA STATE ELECTRICITY
TRANSMISSION COMPANY LIMITED**

BOARD OF DIRECTORS

RAHUL ASTHANA
CHAIRMAN

SUBRAT RATHO
MANAGING DIRECTOR
CHAIRMAN w.e.f. : 18.08.2008

PROMOD KHANDALKAR
DIRECTOR (FINANCE)

PRADEEP RATH
COMPANY SECRETARY

AUDITORS
CONTRACTOR NAYAK & KISHNADWALA
CHARTERED ACCOUNTANTS

REGISTERED OFFICE
Prakashganga, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051.

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present the 2nd Annual Report on the Business and Operations of the Company together with the Audited Statement of Accounts for the year ended on 31st March 2007

FINANCIAL RESULTS

The Financial Results of the Company for the year ended on 31/03/2007 are as follows:

AMOUNT
(RS. IN LAKHS)

PARTICULARS	2007	2006
Revenue from Transmission Charges	142293	118242
Other Income	3984	928
INCOME Total [A]	146276	119170
Expenditure on R & M	16286	6779
Depreciation	47452	38872
Interest & Finance Charges	22532	18855
Employee cost	45384	25894
Administrative & General Exp	5970	3088
Total [B]	137624	93489
Less: a) Interest & Financial Charges Capitalized	2730	2155
b) Other Expenses Capitalise	8924	6257
Add: Other Debits	138	309
EXPENDITURE Total [C]	126107	85386
Profit Before Tax [A]-[C]	20169	33784
Provision for Income Tax [including FBT]	2236	2972
Profit After Tax	17933	30812
Less: Prior Period Charges	1047	0
SURPLUS	16886	30812

MISSION STATEMENT :

During the year under report, the Company declared its mission Statement as under:

We, as a State Transmission utility, dedicate our-self to plan, buildup, operate and maintain the state transmission system to facilitate transmission of electricity from its source to load centers in a secure, reliable and economic manner for the best services to consumers and offer enhanced career opportunities to our employees and generate reasonable returns.

VISION STATEMENT:

To establish MSETCL as the best State Transmission utility in India by the year 2010 with continuous improvement in performance, network development and service standards.”

<u>QUALITY POLICY</u>	<u>QUALITY OBJECTIVES</u>
<p>MSETCL Corporate Office Mumbai, pledges to transmit power (electricity) with ever improving reliability and efficiency to distributors of electricity with a view to benefit consumers of electricity in the State of Maharashtra by:</p> <ul style="list-style-type: none">• Providing and facilitating the creation of a transmission network with adequate capacity and transmitting with lowest possible losses and minimum interruption at the least cost by applying superior technology and management practices to meet or exceed customer expectations.• Continually improving our Organizational capabilities, productivity and performance.• Performing our work to the highest standards of quality following applicable Statutory and Regulatory requirements.• Ensuring that our contractors, subcontractors and suppliers met and exceed our quality standards.• Establishing and reviewing key objectives and performance indicators, and taking corrective & preventive action as needed.• Establishing and upgrading measurement, communication and information technology systems.	<ul style="list-style-type: none">• To ensure grid safety and stability.• To reduce energy losses.• To reduce cost of operations, materials, inventory and projects.• To maintain system availability above 98%.• To ensure Safety of operations.• To ensure competency and productivity of employees.• To enhance customer satisfaction.• To achieve transmission capacity (MVA installation) targeted yearly.• To achieve targets of erection of transmission lines (ckt km.)• To facilitate open access.

BUSINESS OPERATIONS :

During the year 2006-07, the Company has installed 18 No of Sub Stations of different voltage levels.

The transformation capacity has been increased by 1954 MVA in the form of new Sub Stations and by augmentation in existing sub stations, during the year under report. Similarly, length of EHV lines has been increased by 598 Ckt Km.

As on 31st March 2007, the Company owned and operates 35628 CKT Kms of Transmission Lines including 486 No of various types of Sub Stations including 500 KV HVDC & 400 KV , having transmission capacity of 57713 MVA .

Cumulative capacity of MSETCL for 2005-06 and 2006-07 are as under:

YEAR-WISE CUMULATIVE CAPACITY OF MSETCL

Types of Sub-stn.	Transformation Capacity in MVA		Length of EHV Lines in Ckt. KM		No. of Sub-stn.	
	05-06	06-07	05-06	06-07	05-06	06-07
500 KV HVDC	3582	3582	1504	1504	2	2
400 KV	12035	12350	6376	6424	17	18
220 KV	2271	23611	11478	11866	134	142
132 KV	12846	13554	10085	10246	217	225
110 KV	1731	1731	1637	1639	31	32
100 KV	1730	1746	678	678	25	25
66 KV	1124	1139	3270	3270	42	42
Total	55759	57713	35028	35626	468	486

EXPLANATION TO REMARKS OF STATUTORY AUDITORS.

The explanation to the remarks of the Statutory Auditors is enclosed at Annexure A of this report.

REPORT OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The comments of the Comptroller & Auditors General of India on the accounts of the Company have been received and the same is enclosed at Annexure B of this report.

HOLDING COMPANY

Your Company is a subsidiary of MSEB Holding Company Ltd by virtue of provisions of Section 4(1)(a) and 4 (2) of the Companies Act, 1956.

HUMAN RESOURCES

Man Power

The sanctioned strength and actual employees on roll of the Company is given below:

Pay Gr.	Sanctioned	Actual Working	Vacancies
I	765	622	142
II	1856	1409	447
III	6572	4913	1659
IV	4465	3606	859
Total	13658	10550	3108

Recruitment

During the year following recruitment was made:

Pay Gr.	Open	OB C	S C	S T	VJ A	N T B	N T C	N T D	SB C	Total
I	21	8	8	3	-	-	3	-	-	43
II	48	20	12	1	4	2	2	7	1	97
Total	69	28	20	4	4	2	5	7	1	140

Physical Handicapped persons appointed		Women appointed:	
Pay Gr.	Pay Gr.		
I	: 01	I	: 05
II	: 05	II	: 15
III	: NIL		
IV	: NIL		

TRAINING & DEVELOPMENT:

Gandhiji had said “Learn as if you are going to live for ever”. For MSETCL, learning is a continuous process, and no employee is too old or too senior to be exempted from training. The training and development function has been assigned to the newly appointed Executive Director [HR] . The Company is confident that the responsibility of building capability within the organization to conduct the business optimally in the preset scenario as well as in future will be achieved to meet the challenges of the future.

TECHNOLOGY FOR COMMUNICATION:

MSETCL's vision is to link its far-flung Sub Stations with the SLDC, Kalwa and Corporate Office, Mumbai through VSATs and wireless links achieving virtual single-office operation. Towards establishing a reliable wide band back bone communication system [Voice and Data], which shall provide high speed communication channels to State Load Despatch Centre SCADA/EMS/ABT metering/Video conference and other IT applications, power system network, the Company has planned implementation of a comprehensive communication network system.

CORPORATE GOVERNANCE:

Corporate Governance is the application of best management practices, compliance of various laws and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value. The Board of Directors commit themselves to strive towards enhancement of shareholders value through:

- **Sound Business decisions**
- **Prudent Financial management, and**
- **High Standards of transparency throughout the organization.**

DIRECTORS:

The Board of Directors of the Company , at present is headed by a non-executive Chairman [Ex-Officio position] , consisted of the following Directors:

Shri Subrat Ratho, IAS	-	Managing Director w.e.f 20 th July 06
Shri P.G.Khandalkar	-	Director [Finance] w.e.f 4 th May 07
Shri Anjan Roy	-	Director[Operation] w.e.f 1 st Feb 08
Shri W.RAswar	-	Director[Project] w.e.f 4 th March 08

On 4th May 2007, Shri Vinayak Rao has resigned from the post of Director [Finance]

STATUTORY AUDITORS:

Yours is a Government Company as per Section 617 of the Companies Act, 1956 since entire Equity Share Capital is held by Government of Maharashtra through its 7 nominees. Hence As per provisions of Section 619(2), the auditors of the Government Company are appointed by the Comptroller & Auditor General of India. Accordingly, M/s. Contractor, Nayak & Kishnadwala Chartered Accountants were again appointed by the Comptroller & Auditor General of India (C& AG) as per provisions of Section 619 of the Companies Act 1956 as Statutory Auditors of your Company for the year 2006-07 and also for the year 2007-08

PARTICULARS OF EMPLOYEES

There are no employees who are drawing remuneration in excess of the limits specified in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Therefore, the particulars of such Employees are nil.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information as required under Section 217(1) (e) of the Companies act, 1956 is annexed hereto and forms part of this Report. And Companies [Disclosure of particulars in the report of the Board of Directors] Rules, 1988.

A] Conservation of Energy:

- [i] Energy Conservation Measures have been undertaken by improving energy effectiveness/ efficiency of equipments and systems. As well as by replacement of old equipments at various sub stations and also planning for installation of ABT meters towards ensuring proper metering of electricity.

B] Technology Absorption: Set out as per form B of this report.

C] Foreign Exchange Earnings and Outgo: Foreign Exchange outgo includes interest on foreign currency Loan and Credit amounting to Rs. 261.40 Lakhs for the period ending 31st March 2007.

[FORM- B]

A) RESEARCH AND DEVELOPMENT:

1. Specific Areas in which R&D has been carried out by the company:
[Nil, being a Company in the area of service for electricity Transmission]
2. Benefits derived out of this R&D- Nil
3. Expenditure on R&D – Nil
 - a. Capital – Nil
 - b. Recurring – Nil
 - c. Total – Nil
 - d. Total R&D expenditure as percentage of Total Turnover – Nil

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts made in brief towards technology Absorption, Adaptation and Innovation** – EST-Max-2 Physical overhead transmission line fault analyzer system has been installed at 5 different places in the state.
2. **Benefits derived out of the efforts** – These instruments give advance intimation of faults such as faulty insulators, open circuit of the transmission lines, loose connections, conductor damages etc. on transmission lines by comparing signature analysis data on different occasions. With this instrument, predictive/preventive maintenance can be carried out effectively and the breakdowns can be minimized, thereby leading to increased availability.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the concerned Heads of Department confirm.

- (i) That in the preparation of the Annual Accounts the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and the profit and loss account for that period.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) That the Directors had prepared the Annual Accounts on going concern basis.

DEPOSITS

The Company has not accepted any Deposits from the public within the meaning of Section 58-A and 58AA of the Companies Act 1956

ACKNOWLEDGMENT

Your directors wish to place on record their gratitude to the Government of Maharashtra, Banks, Financial Institutions, suppliers and business associates for their support and confidence in the Company. Your Directors also place on record their appreciation for the co-operation and assistance extended to the Company by the Employees at all levels and in all cadres.

Mumbai
Dt. : 30.08.08

On behalf of the Board of Directors

sd/-

Chairman

(Subrat Ratho)

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LTD.
REPLIES TO AUDITORS REPORT FOR THE YEAR 2006 - 2007

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
1.	We have audited the attached Balance Sheet of Maharashtra State Electricity Transmission Company Limited, (hereinafter referred to as MSETCL) as at 31st March 2007, Revenue Account of the period ended 31st March, 2007 and the Cash Flow Statement for the said period annexed thereto.	Factual
2.	These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.	Factual
3.	The Company is governed by the provisions of Electricity (Supply) Act 2003, read with rules and the regulations issued there under Section 616 (c) of the Companies Act, 1956 also provides that special acts like Electricity Act, will apply to the extent the provisions of the Companies Act are inconsistent with the provisions of those acts. The financial statements of MSETCL are prepared in the format prescribed under Electricity (Supply) Annual Accounts Rules, 1985 (Hereinafter referred to as 'ESAAR') as notified by the Central Government in Electricity Supply Act, 1948 read with the provisions of Section 185(2)(d) of the Electricity Act, 2003.	Factual

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
4.	As required by the Companies (Auditor's Report) Order, 2003, as amended by The Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.	The replies to the relevant paras to the annexures are separately given
5.	We have to invite your specific attention to the following -	
	a) As per Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the 'Transfer' scheme) of the Government of Maharashtra notified on 4th June 2005, the Undertaking forming part of the Transmission Undertaking of the erstwhile Maharashtra State Electricity Board as set out in Schedule 'A' of the said notification were transferred and vested with effect from 6th June 2005 in MSETCL. On account of such transfer, equity shares of the face value of Rs. 26,95,99,00,000 (being the excess of assets over liabilities) were to be allotted to MSEB Holding Company Limited (hereinafter referred to as the Holding Company). Pending such allotment, this amount is shown as the 'Share Suspence Account' in Schedule 33.	Factual
	b) The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from 6th June 2005 are subject to final approval of the Government of Maharashtra and are yet to be notified by the Government of Maharashtra. Changes in these amounts , if any, made at the time of notification may have an impact on these financial statements.	In this respect it is submitted that Secretary Energy vide his letter No. Reform-2006/CR.511/NRG-3 dated 2.6.2006 addressed to the M.D.MSEB Holding Co. LTD. conveyed that the Provisional Transfer Scheme as notified by Government Notification dated 4.6.2005 shall continue to be provisional beyond 5 th June 2006 till final order on these issues are notified by the Government.

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
6	The company has not complied with the following Accounting Standards (AS) issued by The Institute of Chartered Accountants of India as required by Section 211 (3C) of the Companies Act, 1956	As provided under Section 185(2)(d) of Electricity Act,2003, all the Rules made under Sub Section (1) of Electricity (Supply) Act,1948 (54 of 1948) shall continue to have effect until such Rules are rescinded or modified as the case may be. MSETCL has therefore followed the Electricity (Supply) (Annual) (Accounts) Rules ,1985(ESAAR 1985). However the Accounting Standards (AS) as required by Section 211 (3C) of the Companies Act, 1956 would be complied after implementation of ERP, the technical bid of which is opened on 07.12.2007 & is under scrutiny.
AS - 1	Disclosure of Accounting Policies	
	The Company has disclosed Statement of Accounting policies (as per Statement 4). This statement however, only mentions the departures of the basic accounting principles and policies from ESAAR. The Company has not made any disclosure of the significant Accounting policies adopted in the preparation and presentation of financial statements. Our Audit report on the financial statement for the period ended 31st March 2006 was also modified accordingly.	As provided under Section 185(2)(d) of Electricity Act,2003, all the Rules made under Sub Section (1) of Electricity (Supply) Act,1948 (54 of 1948) shall continue to have effect until such Rules are rescinded or modified as the case may be. MSETCL has therefore followed the Electricity (Supply) (Annual) (Accounts) Rules ,1985(ESAAR 1985). As per Clause -8 of Chapter –II of ESAAR 1985, MSETCL is adhering to the prescribed accounting policies as per ESAAR 1985 and hence the departures, if any made there under are disclosed under Statement-4 i.e. Statement of accounting policies separately in the statement of accounts.
AS – 2	Valuation of Inventories	
	i) Inventories are valued at Cost which is not in accordance with provisions of AS 2 which requires valuing inventories at cost or net Realizable Value whichever is lower. As informed to us, the net Realizable Value of the inventory cannot be ascertained and hence effect of this departure has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	MSETCL is following the accounting policies as prescribed under ESAAR 1985 & valuing inventories at cost. Since ESAAR doesn't specify valuation of inventories at cost or net realizable value whichever is lower.
	ii) Inventories includes "Material Stock excess/ shortage – pending investigation" amounting to Rs. 147,10,097 (previous year Rs. 152,19,244) which have not been	This is pertaining to Losses-Cost of lost/ damaged articles / materials Pending investigation. Disclosure of the departure from ESAAR 1985 in this respect is made in Statement -4 wherein it is stated that

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
	charged to revenue account. Due to this the surplus for the year and the inventories are overstated by Rs. 5,09,147 and Rs. 1,47,10,097 respectively. (previous year Rs. 1,52,19,244 and Rs. 1,52,19,244 respectively)	accounting of losses is made in the year of its approval in the year 2006-07 There is a net clearance of Rs. 5,09,147 over the 31st March 2006. Further there is a clearance of Rs. 6,31,453 in the year 2007,08.
	iii) The Inventories as on 31st March 2007 does not include value of scrap lying with the Company. The value of the same is not ascertained by the company. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	MSETCL is following the accounting policies as prescribed under clause No. 2.20 of Annexure V of ESAAR, 1985 and sale proceeds from the sale of scrap is accounted under Schedule 5 since no cost is assigned to scrap as mentioned under Annexure II - Chart of Accounts Section 2 Account Code 62.340 Page No. 54.
AS-6	Depreciation Accounting	
	1. The Company has not provided depreciation on fixed assets acquired during the year. Due to this, the depreciation charge for the year is understated by an estimated amount of Rs. 9.11 crores (Previous year Rs. 6.82 crores) and surplus and value of fixed assets overstated by Rs. 9.11 crores (Previous year Rs. 6.82 crores)	Since ESAAR 1985 has been followed for compilation of the accounts depreciation is provided as per the rules prescribed under clause 2.60 of the Annexure III of ESAAR 1985 which specify under clause 2.60 (3) that depreciation charged on a newly commissioned assets shall commence in the year immediately following the year of commissioning. MSETCL has added assets of Rs. 333.57 crores during the period the approximate depreciation @ 5.46% would be around Rs. 9.11 crores
	2. The Company has provided depreciation only upto 90 % of cost of assets instead of provision of depreciation till 95 % value of assets as required by Schedule XIV of the Companies Act, 1956. The effect of this on the surplus for the year has not been quantified. our audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	This is as per the provisions of clause 2.60 (1) of the Annexure III of ESAAR 1985.
AS-10	Accounting for Fixed Assets	
	(i) The Company has capitalized to the fixed assets, employee costs and other general administration charges incurred at its various circles (other than construction circles) amounting to Rs. 17,49,84,624 (Previous year Rs. 3,40,34,538) on an ad-hoc basis rather than	This is as per the departure disclosed in the Statement 4 i.e. Statement of Accounting Policies. Hence MSETCL has continued existing procedure of capitalization of employee cost as well as general establishment charges of the unit, supervising both capital and O&M works at a fixed 15 %.

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
	<p>following the principle of identifying whether the said costs are directly related to the acquisition / construction of the fixed assets. This has resulted in overstatement of surplus for the year, the effect of which has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.</p>	
	<p>(ii) Expenses on account of transit insurance, octroi and freight on capital goods incurred during the year are charged to the Revenue account instead of including the same in cost of the fixed assets. This has resulted in understatement of surplus for the year, the effect of which has not been quantified. our audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.</p>	<p>This is as per the policy prescribed under clause No.2.20 (6) &(7) of Annexure V of ESAAR 1985.</p>
	<p>(iii) Assets which are not in active use (as per Schedule 22) are stated at written down value instead of written down value or net realizable value whichever is lower. As informed to us, net realizable value of these assets cannot be ascertained and hence the effect of same on the surplus for the year has not be quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.</p>	<p>This is as per the policy prescribed under clause No.2.75 of Annexure III of ESAAR 1985.</p>
AS-12	Accounting for Government Grants	
	<p>The amount of outright contribution received during the year Rs. 324,524,880/- (Previous year 282,735,551) and grant received from government of Maharashtra Rs. 685,800,000/- (Previous year - Nil) (as per Schedule 34) received towards cost of fixed assets is not reduced from the cost of assets constructed to the extent of construction of assets constructed to the extent of year end or assets completed till the year end or from the relevant revenue expenditure incurred during the year. The year end or from the relevent revenue expenditure incurred during the year. The effect of this on the Surplus for the year has not been quantified. our</p>	<p>This is as per Accounting policy specified under clause No.2.35 of Annexure III to Electricity (Supply) (Annual Account) Rules 1985 wherein it is stated that consumer contributions ,subsidies & Grants towards cost of capital assets shall not be treated as a reduction in the 'Cost' but as a Capital receipt.</p>

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
	audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	
AS-16	Borrowing Cost	
	(i) Expenses on account of borrowing cost consisting of Interest expenses are fully capitalized on all items of Capital Work in Process at the end of the year, rather than only on 'Qualifying Assets' as required by AS 16. The effect of the same on the surplus for the year has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	MSETCL is capitalizing Interest as per the procedure specified under clause 1.42 & 1.43 to Annexure V to ESAAR 1985 wherein it is stated that full amount of Interest payable for the year would be considered for this purpose. Further it is also specified there in that in view of difficulties in identifying a source to its use, no attempt shall be made for source-wise identification and this exercise shall be carried out at Head Office. clause 1.43 deals with the details modalities of computation of interest capitalization by virtue of which the portion of interest payable is allocated to interest bearing assets at construction stage which represent the amount of interest to be capitalized.
	(ii) Other ancillary costs like Guarantee charges stamp duty service fee and deferred costs related to restructuring of debts are not considered as borrowing costs as required by AS 16 for the purpose of capitalization to the qualifying fixed assets. The effect of the same on the surplus for the year has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	The above clauses of ESAAR 1985 refers only interest payable on capital liabilities and not other ancillary costs like Guarantee charges stamp duty service fee and deferred cost related to restructuring of debts hence the same are not considered for capitalization.
	(iii) The company has during the period ended 31st march 2006 paid premium of Rs. 386,60,875 towards conversion of loans carrying higher rate of interest into loans carrying lower rates of interest. This amount has been treated as 'Deferred cost' and has not been charged to the Revenue account. As a result of the same surplus for period ended 31st March 2006 was overstated by Rs. 386,60,875. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	This is the debts restructuring premium paid to LIC in the year 2005-06 which was to be amortized over a period of 7 years which represents the balance tenure of these loans. The amount amortized is debited to the respective interest account code under schedule 12 as per the guide lines given in Account Code volume I under para 17.2. This is as per the Annexure II of ESAAR 1985.

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
AS-18	Related Party Disclosures	
	The company has not made disclosures of related parties and transactions with these related parties. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	No such disclosure is required under ESAAR 1985.
AS-19	Leases	
	The company has not made disclosures regarding assets taken on lease. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	No such disclosure is required under ESAAR 1985.
AS-22	Accounting for Taxes on Income	
	The Company has not accounted for deferred Tax on account of timing differences arising out of differences between taxable income and accounting income. The amount of which has not been quantified. The company has also not made disclosures relating to items of Deferred Tax Liabilities and Deferred Tax Assets and reasons for non - recognition of deferred tax on account of timing differences. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	Since ESAAR, 1985 has been followed for compilation of accounts wherein there is no specification for accounting for deferred tax on account of timing differences arising out of difference between taxable income & accounting income further, no such disclosure is required under ESAAR, 1985
AS-26	Intangible Assets	
	(i) The company had treated Rs. 52,18,20,334 being premium paid for conversion of loans carrying higher rate of interest into loans carrying lower rates of interest, transferred vide Transfer Scheme as 'Deferred Cost' (Schedule 23). Similarly Rs. 386,60,875 [as discussed in para f(iii) above] had been treated as deferred cost in F.Y. 2005-06 out of total amount of Rs. 560,481,209 an aggregate amount of Rs. 188,297,042 (including Rs. 8,63,11,012 in previous year) has been charged to the Revenue account rather than writing off of the entire amount to the Revenue account. As a result of the same surplus for the year is understated by Rs. 101,986,030 (previous year surplus overstated	This is pertaining to debts restructuring premium paid to the financial institutions such as PFC,REC,& LIC for reduction of high interest rate . As on 5th June 2005 there is balance of Rs.52.18 crores debts restructuring premium paid to PFC Rs. 34.42 crores REC Rs.1.55 crores & LIC RS. 16.21 crores. PFC debts restructuring premium is proposed to be amortized over a period of 10 years ,REC over a period of 8 years & LIC over a period of 8 years (Average tenure period). Further Rs. 3.87 crores is pertaining to the debts restructuring premium paid to LIC in the year 2005-06 which was to be amortized over a period of 7 year which represent the balance tenure of these loans. This is as per clause 4.9 of Annexure V of ESAAR 1985 which specify that

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
	by Rs. 474,170,197).	intangible assets shall be amortized over the period estimated to be benefited.
	(ii) The company had treated Rs. 30,24,709 being amount paid for interest on lease agreements, transferred vide Transfer Scheme as 'Intangible Asset' (Schedule-24). Out of total amount of Rs. 30,24,709 an aggregated amount of Rs. 20,17,146 (including Rs. 1008, 573 in previous year) has been charged to the Revenue account rather than writing off of the entire amount to the Revenue account. As a result of the same surplus for the year is understated by Rs. 1008,573 (previous year surplus overstated by Rs. 20,17,161).	This pertains to the balance interest on lease agreement with PFC for leasing of shunt capacitors at Aurangabad after write off of Rs. 10,08,573 p.a. for 7 years period in erstwhile MSEDCL out of 10 years of lease period. An amount of Rs. 20,17,146 was already charged to the Revenue in the year 2005-06 & 2006-07 & the balance amount will be charged to the Revenue Account in 2007-08. This is also as per clause 4.9 of Annexure V of ESAAR 1985 which specify that intangible assets shall be amortized over the period estimated to be benefited.
AS-29	Provisions, Contingent Liabilities and Contingent Assets.	
	The company has not made disclosures regarding provisions and contingent liabilities (including those related to guarantees issued by Government of Maharashtra on behalf of the company to its tenders) Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	No such disclosure is required under ESAAR 1985
7	The Company has not complied with the following provisions of the Companies Act, 1956.	
	The company has made provision for depreciation at the rates notified under ESAAR, which are different from those specified by the Schedule XIV to the Companies Act, 1956. As per Schedule XIV to the Companies Act, 1956, the Company is required to disclose depreciation rates or useful life of the assets if these are different from the principal rates specified in the said schedule. The company has, however, not made such disclosure. Our Audit report on the financial statements for the period ended 31st March, 2006 was also modified accordingly.	The MSETCL has made provision for depreciation at the rates prescribed by the Government of India, Ministry of Energy (Department of Power) vide notification Dt. 29.03.1994, which are different from those specified by Schedule XIV to the Companies Act, 1956. MSETCL has made such disclosure in statement - 4 i.e. Statement of Accounting Policies. Completed
8	No provision has been done for Leave Travel Assistance payable to employees, the amount of	Since the Leave Travel Assistance provision could not be quantified at the end of the year, it is

Sr. No.	Statutory Auditors Reports	MSETCL's Reply
	which is not quantified. Our Audit report on the financial statements for the period ended 31st March, 2006 was also modified accordingly.	accounted for on cash basis in the books of accounts every year.
9.	During the year, inventory of Rs. 1,15,42,539 lying at one of the divisions has not been verified by the company due to which adjustment for consumption / shortage have not been carried out. However, as informed to us verification for the same is in progress.	The inventory of CFW, Phursungi was completed on 5th November 2007.
10.	Balances of Secured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances inter unit balances and various other debit / credit balances including of the holding company and other subsidiary companies of the holding company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. The impact of the above on the amounts as disclosed in the Balance Sheet and on the surplus for the year is not quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.	The inter company reconciliation is under process & MSETCL has already taken up the matter with MSPGCL & MSEDCL & following up the matter for early settlement of inter company dues.
11.	Our Audit report on the financial statements for the period ended 31st March 2006 was modified for non compliance of Accounting Standard 15 "Accounting for retirement Benefits in the financial statements of Employers" The company has during the year changed its accounting policy and made a provision of Rs. 116.36 crores on account of leave encashment benefits payable to its employees (as computed on actuarial basis). The surplus for the year is accordingly lower by the said amount.	This change in the Accounting policy is already disclosed in the statement 4 at (e).

12. Further to our observations in the annexure referred to in paragraphs 4 to 9 above, we report that:
- a) Subject to our observations in paragraph 8 and 9 above, we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts, subject to non provision of expenses on account of Leave

- Travel Assistance (as per Note & above), as required by law have been kept by the company in so far as it appears from our examination of such books;
- c) The Balance Sheet and Revenue Account referred to in this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet and the Revenue account, subject to our comments in paragraph 6 above, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.
 - e) Pursuant to the notification number GSR 829(E) dated 21.10.2003 issued by the Government of India, the provisions of Sec 274(1) (g) of the Companies Act, 1956 are not applicable to the company.
 - f) Subject to our remarks in paragraphs 4 to 10 above, the total impact of which on financial statements has not be quantified, in our opinion and to best of our information and according to the explanations given to us, the said accounts read together with Statement of Accounting policies (Statement 4) and Notes to Accounts (Statement 5) both forming part of the accounts, gives the information required by the Companies Act, 1956, in the manner so required gives a true and fair view:
 - (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2007.
 - (ii) In the case of Revenue Account, of the surplus for the year ended on that date and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For and on behalf of
Contractor Nayak & Kishnadwala
Chartered Accountants

sd/-

H. V. Kishnadwala
Partner,
Membership No 37391
Mumbai, dated October 30th, 2007

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED.

ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 4 OF OUR REPORT
OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
FOR THE PERIOD ENDED ON 31ST MARCH 2007

1(a)	The Company has continued maintenance of fixed assets registers of the erstwhile Maharashtra State Electricity Board (MSEB) at each location. These registers (including those for recording Capital Work in Progress) however need to be updated to show proper particulars including quantitative details and situation of the fixed assets.	Necessary instructions for maintenance of proper records regarding fixed assets was already issued to respective offices.
1(b)	During the year, MSEB Holding Company Limited (The Holding Company) has appointed external consultants to carry out valuation of the fixed assets of the Company. As per the report of these external consultants, physical verification to arrive at the values of these fixed Assets was conducted to cover about 90% of the fixed assets of the Company. The assets verified by these external consultants have however not been reconciled with the fixed asset registers as maintained (as per clause 1(a) above) by the company. In the absence of such reconciliation we are unable to state whether there are any material discrepancies.	Necessary instructions for reconciliation with the fixed Asset register was issued to the respective offices.
1(c)	The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal, in our opinion, does not affect the going concern status of the company.	Factual
2(a)	As informed to us, inventories have been physically verified by the management in September 2006 at two major stores circles. Materials lying at various construction sites other circles and divisions were, however, not verified by the management.	Physical Verification of Materials lying at various construction sites, other circles and divisions has already been carried out in September/October 2007.
2(b)	In our opinion, the procedure of physical verification of inventory followed by the management is not adequate in relation to size of the company and the nature of its business. In our opinion physical verification of stores should be carried periodically for all circles and divisions and such verification procedures should be adequately documented.	As per Section XIX-4 of Accounts Code Volume-III, Physical Verification of Stores Material is carried out once in a year during August/September/October. This is particularly because at the end of the financial year there is always rush of work and no. of targets are to be completed. For carrying out physical inventory required no. of accounts and technical staff is drawn. As such, it is possible in the month of August/ September/ October every year to carry out the inventory since the activities are comparatively less during this period and monsoon is also over. The physical verification of material lying at all Circles & Divisions have already been carried out this year.

2(c)	On the basis of our test examination of records of inventory produced before us, in our opinion, the company has maintained proper records of inventory. As explained to us, subject to our comments in paragraph 9 in the main audit report, the discrepancies noticed on such physical verification of stocks as compared to book records were not material in relation to the operations of the company.	Factual
3	On the basis of the records verified by us, the company has neither taken nor granted any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus provisions of clause 4(iii) (a) to 4(iii) (g) of the order are not applicable to the company for the year.	Factual
4	In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.	Factual
5	According to the information and explanations given to us, there are no contracts or arrangements, to companies or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4 (v) (a) and 4 (v) (b) are not applicable for the year.	Factual
6	According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed here under.	Factual
7	The company has its own internal Audit department. However, in our opinion; the internal audit function suffers from inadequacies such as scope, coverage, extent personnel and regular reporting in order to be commensurate with size and nature of its business.	It has been decided that Internal Audit/Inspection of the Division offices will be carried out internally using the services of the existing staff of MSETCL for the year 2006-2007 and first half year of 2007-2008. The internal Audit team assigned on this job shall submit, alongwith their port, attendance sheet to work out man hours put into the audit work and their observation. Based on this feedback, we would device a policy for outsourcing this job for covering balance divisions. Initially, 7 division offices have been selected for carrying out Internal Inspection, one in each Zone with effect from 14th January, 2008.

8	On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under section 209 (1) (d) of the Act have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.	Factual
9(a)	According to the information and explanations given to us and according to the books and records verified by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.	Factual
9(b)	According to the information and explanation given & representation made to us, there are no dues of income - tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.	Factual
10	The company does not have accumulated losses as at 31st March 2007, and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial period.	Factual
11	In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, financial institution and debentures holders during the year.	Factual
12	According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.	Factual
13	The company is not a chit fund company or Nidhi / Mutual Benefit Fund/ Society, hence clause 4 (Xiii) of the order is not applicable.	Factual
14	In our opinion and according to the information and explanation given to us, the company is not dealer or trader in securities.	Factual
15	According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.	Factual

16	In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.	Factual
17	According to the information and explanation given to us, and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short term basis which have been used for long term investments.	Factual
18	The company has not made any preferential allotment of shares during the period ended on 31st March, 2007.	Factual
19	Since the company has not issued any debentures, the question of creation of securities for debentures does not arise.	Factual
20	The company has not raised any money by making an issue of shares during the year covered by our report.	Factual
21	According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year	Factual

For and on behalf of
Contractor Nayak & Kishnadwala
Chartered Accountants

sd/-

H. V. Kishnadwala
Partner,
Membership No 37391
Mumbai, dated October 30th, 2007

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED
FOR THE PERIOD FROM 01.04.2006 TO 31.03.2007**

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
	<p>The preparation of financial statements of 'Maharashtra State Electricity Transmission Company Limited' for the year ended 31st March 2007 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 October 2007.</p>	FACTUAL
	<p>I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Maharashtra State Electricity Transmission Company Limited for the year ended 31 March 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.</p>	FACTUAL
	Revenue Account	
	Income	
	Revenue from transmission charges	

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
	(Schedule-1): Rs.1422.93 crore	
1	This includes Rs.13.50 crore being the transmission charges shown as recoverable from the Government of Goa but rejected by them on receiving the revised bills in August 2007. The Government of Goa disputed the methodology for calculation of the charges. Hence the income was not certain and the same should not have been accounted for. The Appellate Tribunal, New Delhi decided (17 December 2007) the case in favour of Goa Government. Thus, the inclusion of transmission charges has resulted in overstatement of income, Sundry Debtors and Surplus by Rs. 13.50 crore. (HO)	Accounting of Goa bills of Rs. 13.50 Crore was done as per the MERC order dt. 28th June 2006 in the matter of determination of ARR for FY 06-07 for MSETCL in which MERC had directed MSETCL to levy transmission tariff for wheeling power to Goa as approved by the commission. The decision of the Appellate Tribunal was issued in Dec 2007 and accordingly after considering actual billing of Rs. 4.45 crs excess billing of Rs. 9.05 crore was withdrawn in the Year 2008-09.
	Other Income(Schedule-5) A/c code 62.900 – Miscellaneous Receipts Rs.30.57 crore.	
2	This includes Rs.15.45 crore being the excess provision for cost of materials supplied in the year 2000 by M/s.BHEL for capital work. This should have been reduced from the cost of asset instead of crediting to the above income head. The Company could not identify the assets to which the excess provision pertained. This has resulted in overstatement of income, Assets, depreciation (unascertainable) and surplus by Rs.15.45 crore. (HVDC Chandrapur)	The said provision was pending uncleared under A/c head 42.300 (Supplier's Liabilities in Capital account) in r/o M/s. BHEL. The said provision was incorporated from the erstwhile MSEB's period for which old records are untracable to identify respective asset where the reduction in Assets has to be carried out. Therefore, alternatively, it was decided to reverse this provision by treating the liabilities provision as other income.
	Expenditure Repairs & Maintenance (Schedule-8)	
	A/C code 74.1 – Plant & Machinery Rs.117.88 crore	
3. (i)	This includes Rs.24.85 lakh (Rs.9.84 lakh EHV Kalwa, Rs.6.95 lakh EHV Pune, Rs.4.37 lakh HVDC Padghe, Rs.3.21 lakh HVDC Chandrapur & Rs.0.48 lakh EHV Nagpur) being the expenditure incurred on repairs to plant and machinery pertaining to the period 2005-06. This has resulted in overstatement of Expenditure on "Repairs to plant and machinery" by Rs.24.85 lakh and understatement of "Prior period expenditure" to that extent.	Rs.24.85 lakh (Rs.9.84 lakh EHV Kalwa, Rs.6.95 lakh EHV Pune, Rs.4.37 lakh HVDC Padghe, Rs.3.21 lakh HVDC Chandrapur & Rs.0.48 lakh EHV Nagpur) booked to 74.1 A/c. which were pertaining to F.Y. 2005-06 i.e. Prior period through oversight
	A/C code 74.5 - Lines, Cable Network etc. Rs.19.39 crore.	
(ii)	This includes Rs.3.88 crore being the expenditure incurred during the year on	Rs.3.88 crores was pertaining to Renovation & Modernisation activities was wrongly booked to

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
	<p>“Renovation and modernization activities” which should have been capitalized. This has resulted in overstatement of Repairs and maintenance expenditure by Rs. 3.88 crore, understatement of work-in-progress by Rs.4.46 crore (including 15% Supervision and Establishment charges) and understatement of surplus to that extent. (HVDC Padghe)</p>	<p>Repairs & Maintenance & the same was rectified vide J.V.No.07 January 08. (HVDC Padghe)</p>
(iii)	<p>This includes Rs.1.43 crore being the expenditure incurred on a transformer for rewinding with new copper and new insulation material, which was of capital nature as it has increased the useful life of the transformer by five years and as such expenditure should have been Capitalized This has resulted in overstatement of expenditure by Rs. 1.43 crore and understatement of Assets as well as surplus to that extent (HVDC Padghe).</p>	<p>This was treated as routine Transformer's repairs & maintenance work and wrongly booked to Repairs and Maintenance head instead of Deferred Revenue Expenditure i.e. 17.2A.c. which was rectified vide J.V. No. 11 Dt. Feb-2008 (HVDC Padghe)</p>
(iv)	<p>This includes Rs. 56.29 lakh (Rs. 29.16 lakh paid to railways for traffic and power block + Rs. 27.13 lakh including cost of equipment) being the expenditure of Capital nature incurred to carry out the work of replacement of existing earthwire on Chandrapur Padghe line. This has resulted in overstatement of expenditure and understatement of work in progress by Rs.64.73 lakh (including 15% Supervision and Establishment charges) and understatement of surplus to that extent (HVDC Chandrapur).</p>	<p>The necessary rectification entries have been carried out vide J.V.No.16,23 Dt.Feb. 08 for Rs.27.13 lakhs, Rs.29.16 lakhs & RS.8.44 lakhs respectively. (HVDC Chandrapur).</p>
(v)	<p>This does not include Rs.15.38 lakh being payment made to contractors for repairs and maintenance of lines, transformers etc pertaining to the period 2006-07 at HVDC Padge.</p> <p>This has resulted in understatement of expenditure by Rs.15.38 lakh and overstatement of surplus to that extent.</p>	<p>Provision for Rs.15.38 lakhs was not made through oversight in 2006-07 & wrongly booked to Repairs & Maintenance instead of prior period expenses (i.e 83 Group) in April-2007 at the time of payment. Now the same was rectified vide JV No. 6 dt.30.11.07. (HVDC Padghe).</p>
	<p>Administration & General Expenses (Schedule-10)</p>	
	<p>Other Expenses</p>	
	<p>A/c code 76.170 – Security measures for safety & protection contract basis Rs.5.33 crore.</p>	

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
4	<p>This does not include Rs.11.61 lakh (Rs.4.88 lakh EHV Panvel, Rs.3.75 lakh EHV Nagpur, Rs.1.96 lakh HVDC Chandrapur & Rs.1.02 lakh EHV Pune) being the liability incurred during 2006-07 on security measures which was not provided for.</p> <p>Non Provision has resulted in "understatement of liability" and expenses by Rs.11.61 lakh and overstatement of surplus to that extent.</p>	<p>The bills on account of security guards for the month of Jan-07 to March-2007 amounting to Rs. 4.88 Lakhs (Rs.4.14 lakhs & 0.74 lakhs) was received in May-2007 & the provision for the same was remained to be made in 2006-07. This payment was effected in May-2007 by operating A/c head 76170 instead of 83.820 which is now rectified by booking the expenditure to prior period A/c Head i.e. 83.820. Vide JV No.140 dt.31.03.08 & JV No.11 dt.31.12.07 respectively. (EHV (O&M) Circle, Panvel)</p> <p>The provision for Rs.3.75 lakhs was not made through oversight. However, payment was made in April 2007 & necessary JV entry has been passed vide JV No. 8 & 9 dt. Jan. 2008 (EHV (O&M) Nagpur)</p> <p>The provision of Rs.1.96 lakhs was not made for 2006-07 due to oversight. Necessary corrected entry has been passed vide JV No. 15 dt. 31.3.08. (HVDC Chandrapur)</p> <p>The provision was remained to be made in the year 2006-07. However the payment for Rs. 1.02 lakhs was made in May 2007 & A/c Head 76170 was operated which was now rectified vide J.V No.10 Dt. 31.1.2008. (EHV(O&M) Circle,Pune)</p>
	<p>Other Purchase Related Expenses A/c code 76.260 – Advertisement of Tenders, Notices Rs 0.66 crore.</p>	
5	<p>Bills pertaining to expenses on advertisement for tenders were not provided for. Non provision has resulted in understatement of liability and expenses by Rs. 7.29 lakh and overstatement of surplus to that extent. (HO)</p>	<p>The provision was remained to be made. The Advertisement bills of Rs. 7.29 Lakhs was paid in the month of April 2007 by operating A/c code no. 76260. The necessary rectification made vide JV No. 5151 Dt. 31.03.08 (for Rs. 7.26 lakh) & JV No. 5153 Dt. 31.3.08 (for Rs. 0.03 Lakh) by operating A/c Head No. 83820 (HO)</p>
	<p>Balance Sheet Assets Net Assets Net Fixed Assets (Schedule-19) SC -19-A : Gross Block A/c code 10.5 – Plant & Machinery Rs.4669.90 crore</p>	
6	<p>Plant and Machinery worth Rs. 71.53 lakh (cost of equipments) received and installed during the period November 2004 to June 2006 was not capitalized.</p> <p>This has resulted in understatement of Gross Block by Rs.71.53 lakh, depreciation by Rs.6.13</p>	<p>The details of Plant and Machinery amounting of Rs.71.53 lakh is being traced out so as to identify booking of expenditure and linking for reversal. The necessary action is being taken by the Executive Engineer EHV O&M Dn, Kalwa.</p>

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
	lakh, interbranch account balance by Rs.71.53 lakh and overstatement of surplus by Rs.6.13 lakh (EHV Kalwa).	
	A/c code 10.9 – Office Equipment Rs.7.68 crore	
7	Computers and printers installed and commissioned in March 2007 costing Rs.20.80 lakh, were not capitalized resulting in understatement of Assets as well as Liabilities (Payments not made) by Rs.20.80 lakh (EHV Kalwa).	Due to oversight Capitalisation was not made in 2006-07 and the payment was made in April 2007 as per the terms of the order, the asset was capitalised in April 2007 i.e. in F.Y. 2007-08.
	Capital Expenditure in progress (Schedule-21)	
	A/c. code 14.1 – Capital Work in progress Rs.774.44 crore	
8	<p>This does not include Rs.5.23 crore being the capital expenditure incurred on construction of transmission lines as on 31 March 2007 (220 KV DC Koyna-Khandalgaon, 220 KV DC Pedambe-Mahad, 220 KV DC Padga-Nasik-I, II, III, IV and 220 KV DC Tarapur-Boisar, Borivali). Out of this Rs.2.53 crore was booked to repairs and maintenance during previous years and Rs.2.04 crore being payments due to suppliers, Rs.0.66 crore being material lifted from stores not yet accounted for.</p> <p>This has resulted in overstatement of prior period expenses by Rs.2.91 crore (including supervision and establishment charges Rs.0.38 crore), expenses by Rs.0.41 crore (supervision and establishment charges), stock by Rs.0.66 crore and understatement of Capital Liability by Rs.2.04 crore, Work in progress (WIP) by Rs.6.02 crore (including supervision and establishment charges Rs.0.79 crore) and surplus by Rs.3.32 crore (EHV Panvel).</p>	The necessary rectification entries are passed in March 2008 (S) by giving debit to 14.100 after crediting to prior period A/c 65.900 & H.O. supervision charges and Gen. Establishment Charges charged on WIP
9	This does not include Rs.62 lakh being the expenditure of Capital nature incurred on diversion of electrode lines (33 KV Chandrapur-Chincholi) resulting in understatement of Assets and Liabilities to that extent (HVDC Chandrapur).	The expenditure incurred on diversion of electrode line (33KV CHD-Chincholi) . The same work expenditure booked to ORC works on A/c head 55.103 due to oversight. Now the entry has been rectified from the ORC A/C head and booked to capital expenditure account in the year 2007-08 vide JV no. 8 dated Oct. 2007
10	This does not include Rs.17.90 lakh being the cost of 220 KV circuit breakers (NGET) replaced in March 2007.	The breakers commissioned in Sept. 2006 were directly capitalised (instead of routing through WIP). The difference on account supervision & establishment charges of The H.O. supervision

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
	This has resulted in overstatement of Stock by Rs.17.90 lakh, expenses by Rs.2.69 lakh and understatement of WIP by Rs.20.59 lakh (including supervision and establishment charges Rs.2.69 lakh) and surplus by Rs.2.69 lakh (EHV Pune).	charges, providing general establishment charges is completed vide his JV No. 25 March 08.
	Intangible Assets (Schedule-24) A/c code 18.110 – Payment towards oracle products Rs.0.64 crore.	
11	Expenditure of Rs.8.03 lakh incurred towards technical support for oracle database server was not capitalized, though the expenditure was of enduring benefit. This has resulted in understatement of Assets as well as surplus by Rs. 8.03 lakh (HO).	Since the expenditure incurred on technical support for Oracle Database of Rs. 8.03 Lakh is accounted as intangible assets which has to be deferred.
	Investments (Schedule-25) A/c. code 20.280 - Investments in the form of Fixed Deposits with Banks, Companies etc. Rs.145.26 crore.	
12	This represents the fixed deposits lying with ICICI bank for periods ranging from 51 days to 81 days. As these were out of deployment of surplus cash for short periods, they should have been shown as Cash and Bank balances under Current Assets. This has resulted in overstatement of Investments by Rs.145.26 crore and understatement of Cash and Bank Balances to that extent (W.M. Section).	The Accounts of MSETCL has maintained under ESSAR and the accounting of investment in bank fixed deposits is done as per the Electricity (Supply) (Annual Accounts) Rules, 1985, Chapter II, Annex II, Section II, Chart of Account, page No.44 where specific account code No.20.280 is provided under Schedule 20 with nomenclature 'Investment in the form of Fixed Deposit with Banks, Companies etc'. As such the accounting of investment is done correctly as it comply with the requirements of Electricity (Supply) (Annual Accounts) Rules, 1985.
	Net Current Assets (Schedule-26(e))	
	Sundry Receivables – Other claims and receivables – Rs.146.61 crore	
13	This is reduced by Rs.78.02 crore being term loan taken from Bank of India by the Company for repayment of Non-convertible Debentures (NCD) issued to IFCI limited. As the said loan was serviced by the Company during the year it should have been shown under Schedule 32 - Capital Liabilities; pending completion of formalities and actual transfer of the loan to MSPGCL (sister company) as per decision taken subsequently. This has resulted in understatement of Sundry Receivables and Capital Liabilities by Rs.78.02 crore (W.M. Section).	MSETCL has availed term loan of Rs. 78.02 crs from Bank of India which is used for repayment of Non-convertible Debetures (NCD) of IFCI Ltd. Provisionally allocated to MSETCL in interim period. This NCD is thereafter reallocated to MSPGCL, therefore the Board of Director of MSETCL has decided to transfer this term loan of Bank of India to MSPGCL vide Resolution No.22/4 dt. 17.11.07. The MSPGCL has already accepted this loan liability vide their letter No.AD/LN/FRP/07-08/67 DT. 31.10.07 and the loan has been now transferred in the name of MSPGCL as informed by Bank of India vide their letter No.: MLCB/SNR/2007-08/ 3090 Dt.8.3.2008.

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
14	<p>This includes Rs.1.49 crore shown as recoverable from a private party since March 1999. The chances of recovery are remote as the party is not prepared to pay in cash and no valid power purchase agreement exists to effect the recovery. Hence a provision for doubtful debts should have been made.</p> <p>Non Provision has resulted in overstatement of sundry receivables as well as surplus to that extent (HVDC Chandrapur).</p>	<p>This includes Rs.1.49 crore shown as recoverable from a private party since March 1999. The chances of recovery is still possible as the party is in a process to execute their IPP to produce electricity for which in near future PPA is expected to be finalised bt MSEDCL. Meanwhile a communication is being sent to the private party and to the GOM for further needful. Hence, it is not recommended for write off at this juncture.</p>
	Liabilities	
	Other Current Liabilities (Schedule-28)	
	A/c code 42.1 to 42.7 – Liability for Capital Supplies/Works Rs.26.65 crore	
15	<p>This is reduced by Rs.5.12 crore being the adverse balance transferred from the accounts of the erstwhile Maharastra State Electricity Board on its trifurcation into four companies. The balance is lying in the Company's account for the last two years without being operated. The relevant records pertaining to this balance are not available.</p>	<p>This is as per the Opening Balance as per the transfer scheme received from erstwhile MSEB. The relevant details pertaining to this case being sought from MSEDCL soon and based on the response further action will be taken.</p>
	A/c code 46.4 - Liability for expenses Rs.189.47 crore	
16	<p>This does not include Rs.10.87 lakh being expenditure incurred for imparting training to the Company's engineers during 2005-2007. This has resulted in understatement of liability by Rs.10.87 lakh (understatement of course expenditure by Rs.5.68 lakh + understatement of prior period expenditure by Rs.5.19 lakh) and overstatement of surplus to that extent (Rs.10.87 lakh) (HO).</p>	<p>The IBA regarding expenditure of training course received from MSEDCL in June-2007. However, the same was accounted in the year 2007-08 by operating A/c 75 & 76 Group instead of correct A/c head 83820 i.e. prior period expenses which was rectified vide JV no. 5062 dated December 2007.</p>
	A/c code 46.7 – Accrued/Unclaimed amount relating to Borrowings – Rs.53.96 crore	
17	<p>Interest accrued, is shown as Rs. 15.35 crore for which neither corresponding loan, bonds exist in the account nor relevant records are available for verification (HO & WM), hence the correctness of the amount is not verifiable.</p>	<p>This is as per the opening balance as per the transfer scheme received from erstwhile MSEB. The relevant details pertaining to this case being sought from MSEDCL soon and based on the response, further action will be taken.</p>
	A/c code 46.9 – Other liabilities and Provisions Rs.28.40 crore.	
18	<p>The Company has set off receivables and payables from sister companies (MSPGCL &</p>	<p>The amount of receivables & payables as on 31st March 2007 from subsidiaries / MSEBHCL /MSEB</p>

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY																								
	<p>MSEDCL) and holding Company (MSEB HCL). Setting off/Netting is against the generally accepted accounting principles as the liabilities and assets are not correctly reflected. This has resulted in understatement of liabilities and assets by Rs.551.59 crore.</p>	<p>Residualis as under.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th style="text-align: right;">Rs. In Cr.</th> </tr> <tr> <th style="text-align: left;">Company</th> <th style="text-align: left;">Receivables</th> <th style="text-align: left;">Payables</th> </tr> </thead> <tbody> <tr> <td>MSPGCL</td> <td style="text-align: right;">122.30</td> <td style="text-align: right;">11.96</td> </tr> <tr> <td>MSEDCL</td> <td style="text-align: right;">240.76</td> <td style="text-align: right;">536.79</td> </tr> <tr> <td>MSEB HCL</td> <td style="text-align: right;">11.42</td> <td style="text-align: right;">2.84</td> </tr> <tr> <td>MSEB-RB</td> <td style="text-align: right;">320.04</td> <td style="text-align: right;">--</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">694.52</td> <td style="text-align: right;">551.59</td> </tr> <tr> <td>Net Receivables Rs.</td> <td></td> <td style="text-align: right;">142.93 Cr.</td> </tr> </tbody> </table> <p>In this respect it is submitted that the netting has been done since the transfer scheme is not finalised and at the time of finalisation the allocation of assets and liabilities may undergo change.</p>			Rs. In Cr.	Company	Receivables	Payables	MSPGCL	122.30	11.96	MSEDCL	240.76	536.79	MSEB HCL	11.42	2.84	MSEB-RB	320.04	--	Total	694.52	551.59	Net Receivables Rs.		142.93 Cr.
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19	<p>As per Generally Accepted Accounting Principles (GAAP), Liabilities for goods/services received is deemed to be discharged when cheques are handed over to the suppliers. The company also accepts this as their policy for discharge of liability. It was seen that cheques for Rs. 7.00 crore (Rs.4.56 crore HO, Rs.1.45 crore Nagpur EHV Circle, Rs.0.60 crore HVDC Chandrapur, Rs.0.08 crore EHV Circle Panvel & Rs.0.33 crore EHV Circle Kalwa) were drawn and accounted for in the cash book but not delivered to the parties till 31 March 2007 by the Divisions.</p> <p>This has resulted in understatement of bank balance and liability by Rs.7.00 crore.</p>	<p>Auditors observation will be complied with instructions to the all concerned in Finance and Accounts to ensure that the cheques drawn on 31st March will be despatched / delivered on the same day.</p>																								
	Capital Liabilities (Schedule-32)																									
	A/c. code 53.704 – Loans from others- Mumbai DCC Bank – Rs.4.12 crore.																									
20	<p>This represents Rs.4.12 crore being the unreconciled balance for promissory notes issued to KEC international Limited during 1997 for supply and erection of Nagothane-Wadkhal line. The Company has not adjusted the balance since the past two years. (WM)</p>	<p>The loan liabilities allocation to all the successor entities of erstwhile MSEB is as per the approval of the opening balance sheet of subsidiary companies Resolution No.2006/27, item -14 dt. 24.11.06 passed in the meeting of the Board of Directors of MSEB Holding Company Ltd. held on 26.09.06 and the final decision in the matter could be taken only at the time of finalisation of transfer scheme. Therefore the liability of loans from others under promissory notes issued to KEC International Rs. 4.11 crs presently allocated to MSETCL is continued to be shown as it is.</p>																								

Sr. No.	AUDIT COMMENTS	MSETCL'S REPLY
	General	
	FORMAT OF ACCOUNTS	
21	The Company has not prepared the accounts in the form set out in the Part – I of Schedule – VI as provided by the Section 211 of the Companies Act, 1956 and consequently also not provided for depreciation as per Schedule XIV of the Companies Act, 1956. The Company follows the Electricity Supply Annual Accounts Rules 1985 and is in the process of switching over to the Companies Act 1956. It had stated (July'07) that it intends to comply with all the provisions of the Companies Act from the financial year 2008-09 onwards.	MSETCL has already engaged Professional Services of M/s P G Joshi & Co, Chartered Accountants for implementation of System of Accounting in accordance with the provisions of the Companies Act, 1956 vide Order No 445 dated 16.05.2008. As per the work schedule the compliance with the Companies Act will commence from Financial Year 2008-09 itself and Accounts will be finalised by the year end accordingly.

Issued and signed by
Comptroller & Auditor General of India

Company's Reply signed on behalf of Board of
Directors , MSETCL

sd/-
SMT. SANGITA CHOURE
Accountant General

sd/-
SHRI. RAHUL ASTHANA
Chairman, MSETCL

Dated :10.07.2008

Dated : 16.07.2008

AUDITORS' REPORT

To,
The Members of
Maharashtra State Electricity Transmission Company Limited
(Formerly known as Maharashtra State Transmission Company Limited)

1. We have audited the attached Balance Sheet of Maharashtra State Electricity Transmission Company Limited, (hereinafter referred to as MSETCL) as at 31st March 2007, Revenue Account of the period ended 31st March, 2007 and the Cash Flow Statement for the said period annexed thereto.
2. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Company is governed by the provisions of Electricity (Supply) Act 2003, read with rules and the regulations issued there under Section 616 (c) of the Companies Act, 1956 also provides that special acts like Electricity Act, will apply to the extent the provisions of the Companies Act are inconsistent with the provisions of those acts. The financial statements of MSETCL are prepared in the format prescribed under Electricity (Supply) Annual Accounts Rules, 1985 (Hereinafter referred to as 'ESAAR') as notified by the Central Government in Electricity Supply Act, 1948 read with the provisions of Section 185(2)(d) of the Electricity Act, 2003.
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by The Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company.
5. We have to invite your specific attention to the following -
 - a) As per Maharashtra Electricity Reforms Transfer Scheme, 2005 (hereinafter referred to as the 'Transfer' scheme) of the Government of Maharashtra notified on 4th June 2005, the Undertaking forming part of the Transmission Undertaking of the erstwhile Maharashtra State Electricity Board as set out in Schedule 'A' of the said notification were transferred and vested with effect from 6th June 2005 in MSETCL. On account of such transfer, equity shares of the face value of Rs. 26,95,99,00,000 (being the excess of assets over liabilities) were to be allotted to MSETCL Holding Company Limited (hereinafter referred to as the Holding Company). Pending such allotment, this amount is shown as the 'Share Suspense Account' in Schedule 33.

b) The amounts of assets and liabilities transferred to the company pursuant to the aforesaid Transfer scheme with effect from 6th June 2005 are subject to final approval of the Government of Maharashtra and are yet to be notified by the Government of Maharashtra. Changes in these amounts, if any, made at the time of notification may have an impact on these financial statements.

6 The company has not complied with the following Accounting Standards (AS) issued by The Institute of Chartered Accountants of India as required by Section 211 (3C) of the Companies Act, 1956

a)AS - 1 Disclosure of Accounting Policies

The Company has disclosed Statement of Accounting policies (as per Statement 4). This statement however, only mentions the departures of the basic accounting principles and policies from ESAAR. The Company has not made any disclosure of the significant Accounting policies adopted in the preparation and presentation of financial statements. Our Audit report on the financial statement for the period ended 31st March 2006 was also modified accordingly.

b)AS – 2 Valuation of Inventories

i) Inventories are valued at Cost which is not in accordance with provisions of AS 2 which requires valuing inventories at cost or net Realizable Value whichever is lower. As informed to us, the net Realizable Value of the inventory cannot be ascertained and hence effect of this departure has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

ii) Inventories includes "Material Stock excess/ shortage – pending investigation" amounting to Rs. 147,100,97 (previous year Rs. 152,192,44) which have not been charged to profit and loss account. Due to this the surplus for the year and the inventories are overstated by Rs. 5,09,147 and Rs. 1,47,10,097 respectively. (previous year Rs. 1,52,19,244 and Rs. 1,52,19,244 respectively)

iii) The Inventories as on 31st March 2007 does not include value of scrap lying with the Company. The value of the same is not ascertained by the company. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

c)AS – 6 Depreciation Accounting

1. The Company has not provided depreciation on fixed assets acquired during the year. Due to this, the depreciation charge for the year is understated by an amount of Rs. 9.11 crores with consequent effect on provision for depreciation. (Previous year Rs. 6.82 crores) and surplus and value of fixed assets overstated by Rs. 9.11 crores (Previous year Rs. 6.82 crores)

2. The Company has provided depreciation only upto 90 % of cost of assets instead of provisions of depreciation till 95 % value of assets as required by Schedule XIV of the Companies Act, 1956. The effect of this on the surplus for the year has not been quantified. our audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

d)AS-10 Accounting for Fixed Assets

(i) The Company has capitalized to the fixed assets, employee costs and other general administration charges incurred at its various circles (other than construction circles) amounting to Rs. 17,49,84,624 (Previous year Rs. 3,40,34,538) on an ad-hoc basis rather than following the principle of identifying whether the said costs are directly related to the acquisition / construction of the fixed assets. This has resulted in overstatement of surplus for the year, the effect of which has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

(ii) Expenses on account of transit insurance, octroi and freight on capital goods incurred during the year are charged to the Revenue account instead of including the same in cost of the fixed assets. This has resulted in understatement of surplus for the year, the effect of which has not been quantified. our audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

(iii) Assets which are not in active use (as per Schedule 22) are stated at written down value instead of written down value or net realizable value whichever is lower. As informed to us, net realizable value of these assets cannot be ascertained and hence the effect of same on the surplus for the year has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

e)AS-12 Accounting for Government Grants

The amount of outright contribution received during the year Rs. 324,524,880/- (Previous year 282,735,551) and grant received from government of Maharashtra Rs. 685,800,000/- (Previous year - Nil) (as per Schedule 34) received towards cost of fixed assets is not reduced from the cost of assets constructed to the extent of construction of assets constructed to the extent of year end or assets completed till the year end or from the relevant revenue expenditure incurred during the year. The year end or from the relevant revenue expenditure incurred during the year. The effect of this on the Surplus for the year has not been quantified. our audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

f)AS-16 Borrowing Cost

(i) Expenses on account of borrowing cost consisting of Interest expenses are fully capitalized on all items of Capital Work in Process at the end of the year, rather than only on 'Qualifying Assets' as required by AS 16. The effect of the same on the surplus for the year has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

(ii) Other ancillary costs like Guarantee charges and stamp duty/ Service Fee deferred costs related to restructuring of debts are not considered as borrowing costs as required by AS 16 for the purpose of capitalization to the fixed assets. The effect of the same on the surplus for the year has not been quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

(iii) The company has during the period ended 31st March 2006 paid premium of Rs. 386,60,875 towards conversion of loans carrying higher rate of interest into loans carrying lower rates of interest. This amount has been treated as 'Deferred cost' and has not been charged to the Revenue account. As a result of the same surplus for period ended 31st March 2006 was overstated by Rs. 386,60,875. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

g)AS-18 Related Party Disclosures

The company has not made disclosures of related parties and transactions with these related parties. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

h)AS-19 Leases

The company has not made disclosures regarding assets taken on lease. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

i)AS-22 Accounting for Taxes on Income

The Company has not accounted for deferred Tax on account of timing differences arising out of differences between taxable income and accounting income. The amount of which has not been quantified. The company has also not made disclosures relating to items of Deferred Tax Liabilities and Deferred Tax Assets and reasons for non - recognition of deferred tax on account of timing differences. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

j)AS-26 Intangible Assets

(i) The company had treated Rs. 52,18,20,334 being premium paid for conversion of loans carrying higher rate of interest into loans carrying lower rates of interest, transferred vide Transfer Scheme as 'Deferred Cost' (Schedule 23). Similarly Rs. 386,60,875 [as discussed in para f(iii) above] had been treated as deferred cost in F.Y. 2005-06 out of total amount of Rs. 560,481,209 an aggregate amount of Rs. 188,297,042 (including Rs. 8,63,11,012 in previous year) has been charged to the Revenue account rather than writing off of the entire amount to the Revenue account. As a result of the same surplus for the year is understated by Rs. 101,986,030 (previous year surplus overstated by Rs. 474,170,197).

(ii) The company had treated Rs. 30,24,709 being amount paid for interest on lease agreements, transferred vide Transfer Scheme as 'Intangible Asset' (Schedule-24). Out of total amount of Rs. 30,24,709 an aggregated amount of Rs. 20,17,146 (including Rs. 1008,573 in previous year) has been charged to the Revenue account rather than writing off of the entire amount to the Revenue account. As a result of the same surplus for the year is understated by Rs. 1008,573 (previous year surplus overstated by Rs. 20,17,161).

k)AS-29 Provisions, Contingent Liabilities and Contingent Assets.

The company has not made disclosures regarding provisions and contingent liabilities (including those related to guarantees issued by Government of Maharashtra on behalf of the company to its lenders) Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

7 The Company has not complied with the following provisions of the Companies Act, 1956.

The company has made provisions for depreciation at the rates notified under ESAAR, which are different from those specified by the Schedule XIV to the Companies Act, 1956. As per Schedule XIV to the Companies Act, 1956, the Company is required to disclose depreciation rates or useful life of the assets if these are different from the principal rates specified in the said schedule. The company has, however, not made such disclosure. Our Audit report on the financial statements for the period ended 31st March, 2006 was also modified accordingly.

8 No provision has been done for Leave Travel Assistance payable to employees, the amount of which is not quantified. Our Audit report on the financial statements for the period ended 31st March, 2006 was also modified accordingly.

9. During the year, inventory of Rs. 1,15,42,539 lying at one of the divisions has not been verified by the company due to which adjustment for consumption / shortage have not been carried out. However, as informed to us verification for the same is in progress.

10. Balances of Secured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances and various other debit / credit balances including of the holding company and other subsidiary companies of the holding company are subject to confirmations and adjustments necessary upon reconciliation. The effect of the adjustment arising from reconciliation and settlement of old dues and possible loss that may arise on account of non recovery or partial recovery of such dues is not ascertained. The impact of the above on the amounts as disclosed in the Balance Sheet and on the surplus for the year is not quantified. Our Audit report on the financial statements for the period ended 31st March 2006 was also modified accordingly.

11. Our Audit report on the financial statements for the period ended 31st March 2006 was modified for non compliance of Accounting Standard 15 "Accounting for retirement Benefits in the financial statements of Employers" The company has during the year changed its accounting policy and made a provision of Rs. 116.36 crores on account of leave encashment benefits payable to its employees (as computed on actuarial basis). The surplus for the year is accordingly lower by the said amount.

12. Further to our observations in the annexure referred to in paragraphs 4 to 9 above, we report that:

- a) Subject to our observations in paragraph 8 and 9 above, we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion, proper books of accounts, subject to non provision of expenses an account of Leave Travel Assistance (as per Note & above), as required by law have been kept by the company in so far as it appears from our examination of such books;
- c) The Balance Sheet and Revenue Account referred to in this report are in agreement with the

books of accounts;

d) In our opinion, the Balance Sheet and the Revenue account, subject to our comments in paragraph 6 above, comply with the Accounting Standards referred in sub-section 3C of Section 211 of the Companies Act, 1956.

e) Pursuant to the notification number GSR 829(E) dated 21.10.2003 issued by the Government of India, the provisions of Sec 274(1)(g) of the Companies Act, 1956 are not applicable to the company.

f) Subject to our remarks in paragraphs 4 to 10 above, the total impact of which on financial statements has not be quantified, in our opinion and to best of our information and according to the explanations given to us, the said accounts read together with Statement of Accounting policies (Statement 4) and Notes to Accounts (Statement 5) both forming part of the accounts, gives the information required by the Companies Act, 1956, in the manner so required gives a true and fair view:

- (i) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2007.
- (ii) In the case of Revenue Account, of the surplus for the year ended on that date and
- (iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For and on behalf of
Contractor Nayak & Kishnadwala
Chartered Accountants

sd/-

H. V. Kishnadwala

Partner,

Membership No 37391

Mumbai, dated October 30th, 2007

MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED.

ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE OF MAHARASHTRA STATE ELECTRICITY TRANSMISSION COMPANY LIMITED FOR THE PERIOD ENDED ON 31ST MARCH 2007

- 1(a) The Company has continued maintenance of fixed assets registers of the erstwhile Maharashtra State Electricity Board (MSEB) at each location. These registers (including those for recording Capital Work in Progress) however need to be updated to show proper particulars including quantitative details and situation of the fixed assets.
- 1(b) During the year, MSEB Holding Company Limited (The Holding Company) has appointed external consultants to carry out valuation of the fixed assets of the Company. As per the report of these external consultants, physical verification to arrive at the values of these fixed Assets was conducted to cover about 90% of the fixed assets of the Company. The assets verified by these external consultants have however not been reconciled with the fixed asset registers as maintained (as per clause 1(a) above) by the company. In the absence of such reconciliation we are unable to state whether there are any material discrepancies.
- 1(c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal, in our opinion, does not affect the going concern status of the company.
- 2(a) As informed to us, inventories have been physically verified by the management in September 2006 at two major stores circles. Materials lying at various construction sites other circles and divisions were, however, not verified by the management.
- 2(b) In our opinion, the procedure of physical verification of inventory followed by the management is not adequate in relation to size of the company and the nature of its business. In our opinion physical verification of stores should be carried periodically for all circles and divisions and such verification procedures should be adequately documented.
- 2(c) On the basis of our test examination of records of inventory produced before us, in our opinion, the company has maintained proper records of inventory. As explained to us, subject to our comments in paragraph 9 in the main audit report, the discrepancies noticed on such physical verification of stocks as compared to book records were not material in relation to the operations of the company.
- 3 On the basis of the records verified by us, the company has neither taken nor granted any loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus provisions of clause 4(iii) (a) to 4(iii) (g) of the order are not applicable to the company for the year.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and sale of services. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system and there is no continuing failure for the same.

- 5 According to the information and explanations given to us, there are no contracts or arrangements, to companies or other parties which need to be entered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4 (v) (a) and 4 (v) (b) are not applicable for the year.
- 6 According to the information and explanations given to us, the company has not accepted deposits from the public within the meaning of the provisions of section 58 A of the Companies Act, 1956 and rules framed here under.
- 7 The company has its own internal Audit department. However, in our opinion; the internal audit function suffers from inadequacies such as scope, coverage, extent personnel and regular reporting in order to be commensurate with size and nature of its business.
- 8 On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Government of India under section 209 (1) (d) of the Act have been made and maintained by the company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.
- 9(a) According to the information and explanations given to us and according to the books and records verified by us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.
- 9(b) According to the information and explanation given & representation made to us, there are no dues of income - tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- 10 The company does not have accumulated losses as at 31st March 2007, and has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial period.
- 11 In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks, financial institution and debentures holders during the year.
- 12 According to the information and explanation given to us, the company has not granted any loans or advances against pledge of shares, debentures or other securities.
- 13 The company is not a chit fund company or Nidhi / Mutual Benefit Fund/ Society, hence clause 4 (Xiii) of the order is not applicable.
- 14 In our opinion and according to the information and explanation given to us, the company is not dealer or trader in securities.
- 15 According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 In our opinion and according to the information and explanations given to us, and on overall examination of the Balance sheet of the company, the term loans raised during the year have prima facie been applied for the purpose for which they were raised.

- 17 According to the information and explanation given to us, and on overall examination of the balance sheet of the company, in our opinion there are no funds raised on short term basis which have been used for long term investments.
- 18 The company has not made any preferential allotment of shares during the period ended on 31st March, 2007.
- 19 Since the company has not issued any debentures, the question of creation of securities for debentures does not arise.
- 20 The company has not raised any money by making an issue of shares during the year covered by our report.
- 21 According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

For and on behalf of
Contractor Nayak & Kishnadwala
Chartered Accountants

sd/-

H. V. Kishnadwala
Partner,
Membership No 37391
Mumbai, dated October 30th, 2007

WHAT WE EARNED AND SPENT

(RS IN LAKHS)

	As at 31-03-2007		As at 31-03-2006	
WE EARNED (REVENUE)				
Revenue from				
Transmission Charges		142293		118242
Other Income		3977		928
Total Income		146270		119170
WE SPENT (EXPENSES)				
Expenditure on				
Repairs and Maintenance,	}	68644	36071	
Employee costs, Adm Expenses				
Less: Capitalised		8884	6221	29849
Depreciation &				
Related Debits		47594	38872	
Less: Capitalised		41	35	38837
Interest and				
Finance Charges		22565	18855	
Less: Capitalised		2730	2155	16700
Provision for Income Tax/FBT			2236	2972
Total Expenditure		129384		88358
What remained Surplus		16886		30812

OUR POSITION

(RS IN LAKHS)

	As at 31-03-2007	As at 31-03-2006
TOTAL ASSETS		
Net Fixed Assets (including Intangible Assets)	421598	435886
Work-in-Progress	93040	77556
Other Assets	3880	4900
Investments	14526	0
Net Current Assets	-8692	-20738
Total	524353	497604
FINANCED BY		
Borrowings for Working Capital	0	0
Funds from State Govt.	0	0
Equity Capital	269604	269604
Contribution, Grants & Subsidies towards Cost of Capital Assets	12931	2827
Capital Liabilities(Including Payments due on Capital Liabilities)	194118	194361
Reserves and Reserve Funds	4228	0
SURPLUS	43472	30812
TOTAL	524353	497604

REVENUE ACCOUNT
**STATEMENT - 1
(RS IN LAKHS)**

SCH NO.	PARTICULARS	Financial Year 2006-07	Previous period From 06-06-05 To 31-03-06
	UNITS TRANSMITTED (IN MILLIONS) (NET)	73142.000 MKWH	55760.943 MKWH
	INCOME		
1	Revenue from Transmission Charges	142293	118242
4	Revenue Subsidies and Grants	0	0
5	Other Income	3984	928
	TOTAL	146276	119170
	EXPENDITURE		
6	Purchase of Power	0	0
7	Generation of Power	0	0
8	Repairs and Maintenance	16286	6779
9	Employee Costs	45384	25894
10	Administration and General Expenses	5970	3088
11	Depreciation & Related debits(Net)	47452	38872
12	Interest and Finance Charges	22532	18855
	TOTAL	137624	93489
	Less: Expenses Capitalised		
13	Interest & Finance Charges Capitalised	2730	2155
14	Other Expenses Capitalised	8924	6257
	TOTAL	11655	8412
15	Other Debits	138	309
16	Extraordinary Items		
	TOTAL (6 TO 16)	126107	85386
	PROFIT/(LOSS)BEFORE TAX	20169	33784
17	Provision for Fringe Benefit Tax	102	72
	PROFIT/(LOSS)BEFORE TAX AFTER FBT	20067	33712
17	Provision for Income Tax	2134	2900
18	Net Prior Period Credits/(Charges)	(1047)	0
	SURPLUS/(DEFICIT)	16886	30812
	Earnings Per Equity Share (Face value of Rs. 10 per share)		(Amount in Rs)
	Basic	33773.00	61624.00
	Diluted	0.63	1.14
	Surplus Gross/Net as a Percentage of the value of Fixed Assets of the MSETCL in service at the beginning of year		
	Minimum specified as per Electricity (Supply) Act	4.50%	4.50%
	ACTUAL	3.90%	7.07%

A.V. DESHPANDE
CHIEF GENERAL MANAGER(F&A)

P.G. KHANDALKAR
DIRECTOR(FINANCE)

NET REVENUE AND APPROPRIATION ACCOUNT**STATEMENT-2
(RS IN LAKHS)**

SR. NO.	PARTICULARS	Financial Year 2006-07	Previous period From 06-06-05 To 31-03-06
1	Balance brought forward	30812	
2	Surplus/(Deficit) from Revenue Account	16886	30812
3	CREDITS		-
	Transfer from General Reserve		-
4	APPROPRIATIONS		-
	Contributions to Reserves & Reserve Funds	4226	-
	i)Sinking Fund for Repayment of Borrowings		-
	ii)General Reserve		-
	BALANCE CARRIED FORWARD TO BALANCE SHEET	43472	30812

A.V. DESHPANDE
CHIEF GENERAL MANAGER(F&A)

P.G. KHANDALKAR
DIRECTOR(FINANCE)

BALANCE SHEET

STATEMENT - 3
(RS. IN LAKHS)

Sch. No.	Particulars	As at 31st March 2007	As at 31st March 2006
	NET ASSETS		
19*	Net Fixed Assets		
19a	Gross Block	901584	868295
19b	Less: Accumulated Depreciation	480059	432429
	Net Fixed Assets	421524	435866
21	Capital Expenditure in Progress	93040	77556
22	Assets not in use	71	71
23	Deferred Costs	3810	4829
24	Intangible Assets	74	20
25	Investments	14526	0
	SUB TOTAL	533044	518342
	NET CURRENT ASSETS		
26a	Stock	9632	6583
26b	Receivable against supply of power	42776	26457
26c	Cash & Bank Balance	7937	1002
26d	Loans & Advances	14043	6218
26e	Sundry Receivables	15708	26729
	Total Current Assets	90096	66988
	Less:-		
27	Security Deposits from Consumers	0	0
28	Other Current Liabilities	98787	87726
	Total Current Liabilities	98787	87726
	Net Current Assets	- 8692	- 20738
29	Subsidy Receivable from Government		
	NET ASSETS	524353	497604
	FINANCED BY		
30	Borrowings for Working Capital	0	0
31	Payments due on Capital Liabilities		
	Interest accrued but not due on Government Loan	0	0
32	Capital Liabilities	194118	194361
33	Funds from State Government	0	0
33	Equity Capital	269604	269604
34	Contributions, Grants & Subsidies towards Costs of Capital Assets	12931	2827
35	Reserves and Reserve Funds	4228	0
	SURPLUS/(DEFICIT)	43472	30812
	TOTAL FUNDS	524353	497604

*Schedule 20 relates to Function-wise Break-up of Fixed Assets

A.V. DESHPANDE
CHIEF GENERAL MANAGER(F&A)

P.G. KHANDALKAR
DIRECTOR(FINANCE)

REVENUE FROM TRANSMISSION CHARGES**SCHEDULE -1
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Transmission Charges Recoveries	61.8	140942.34239	118242.26036
2	Transmission Charges Recoveries (Goa)	61.8	1350.16971	
3	Miscellaneous Charges from Consumers	61.9		
4	GRAND TOTAL		142292.51210	118242.26036

REVENUE SUBSIDIES AND GRANTS**SCHEDULE -4
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	R.E.Subsidies	63.110		
2	Grants for Research and Development Expenses	63.120		
	TOTAL		0.00000	0.00000

OTHER INCOME**SCHEDULE -5
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Interest on Staff Loans and Advances	62.210	13.79655	17.26215
2	Income from Investments in Bank Deposits	62.220	379.16057	11.06630
3	Interest On Securities	62.230		0.01652
4	Interest on Other Investments	62.290		
5	Interest on Loans and Advances to Licensees	62.240		
6	Delayed Payment Charges from Consumers	62.250		
7	Interest from Consumers	62.251		
8	Interest on Advances to Suppliers /Contractors	62.260		
9	Interest from Banks (other than on Fixed Deposits)	62.270		
10	Income from Trading	62.300	533.06515	56.35144
11	Income from Staff Welfare Activities	62.600	0.48191	1.63315
12	Miscellaneous Receipts	62.900	3057.26942	841.22163
	GRAND TOTAL		3983.77360	927.55119

PURCHASE OF POWER

SCHEDULE - 6
(RS IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Power Purchased	70.1		
	i. Koyna Hydro Project	70.101		
	ii. Tata Electric Power Station	70.103		
	iii. Tarapur Atomic Power Station	70.105		
	iv. Gujarat Electricity Board	70.107		
	v. Madhya Pradesh Electricity Board	70.109		
	vi. Karnataka Electricity Board	70.111		
	vii. Rashtriya Chemicals & Fertilisers Corporation.	70.115		
	viii. Oil & Natural Gas Commission	70.117		
	ix. National Thermal Power Corporation	70.119		
	x. Kakrapar Atomic Power Station.	70.121		
	xi. Sugar Factories	70.123		
	xii. I. G. P. L	70.125		
	xiii. Wind Mills	70.127		
	xiv. B.S.E.S LTD.	70.129		
	xv. Power Purchased from Goa	70.132		
	xvi. Dabhol (Capacity payment)	70.133		
	xvii. Dabhol (Energy charges)	70.134		
	xviii. Power Purchased from Dhabhol Power Corp.	70.135		
	xix. Power Purchased from Bhandardara	70.136		
	xx. Power Purchased from WREB Payment as per "Availability Based Tariff" Unscheduled Interchange charges WRLDC	70.137		
	xxi. Power Purchased from WREB Payment as per "Availability Based Tariff" Reactive Energy charges WRLDC	70.138		
	xxii. Power Purchased from Power Trading Corporation of India	70.139		
	xxiii. Generation through solar Energy	70.140		
	xxiv. Through Municipal Solid Waste - MSW	70.141		
	xxv. Small Hydro Projects I.e. upto 25MW under CPP Category	70.142		
	xxvi. Captive Power Purchased	70.143		
2	Total Power Purchased		0.00000	0.00000
3	Write-off of costs of acquiring rights to receive power from other bodies	70.3		
4	Wheeling Charges	70.4		
	Total		0.00000	0.00000

GENERATION OF POWER

**SCHEDULE - 7
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
	FUEL CONSUMPTION			
1	Coal	71.110		
2	Oil			
	i) Furnace Oil	71.120		
	ii) Light Diesel Oil	71.121		
	iii) High Speed Diesel Oil	71.122		
3	Gas (Steam Power Generation)	71.130		
4	Gas (Internal Combustion)	71.140		
	a) L S & H S	71.141		
5	Coal Handling Plant			
6	TOTAL 1 TO 5		0.00000	0.00000
7	i) Other Fuel Related Costs	71.2		
	ii) Freight variance on Coal Receipt	71.3		
	iii) Stock Shortages on Physical Verification of Coal Stock	71.410		
	iv) Stock Shortages on Physical Verification of Oil Stock	71.420		
	v) Stock Excess on Physical Verification of Coal Stock	62.710		
	vi) Stock Excess on Physical Verification of Oil Stock	62.720		
	Sub Total (i to vi)		0.00000	0.00000
8	Sub-Total for Fuel Costs (6+7)		0.00000	0.00000
9	Operating Expenses			
	Cost of Water (Hydel/Thermal P.S)	71.500		
10	Lubricants & Consumable Stores	71.600		
11	Station Supplies	71.700		
12	Sub-Total for Operating Expenses (9 to 11)		0.00000	0.00000
13	Cost of Generation of Power (8+12)		0.00000	0.00000
14	Lease Rent of Hydro Power Stations	71.850		
15	Fuel Related Losses			
	i) Total Transit Loss I Coal	72.101		
	ii) Total Transit Loss II Coal	72.102		
	iii) Transit Loss of Oil	72.131		
	iv) Loss on Short Receipt of Gas	72.141		
	v) Difference on Settlement of Railway Claims for Coal	72.210		
	vi) Difference on Settlement of Railway Claims for Oil	72.220		
	vii) Difference in Grade of Coal	72.300		
	Sub Total (i to vii)		0.00000	0.00000
16	Total (13 + 14 + 15)		0.00000	0.00000
17	Excise Duty on Generation	71.800		
	GRAND TOTAL		0.00000	0.00000

REPAIRS AND MAINTENANCE
**SCHEDULE - 8
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
	REPAIRS AND MAINTENANCE TO,			
1	Plant and Machinery	74.1	11787.58622	5348.06113
2	Building	74.2	1293.42224	299.69541
3	Civil Works	74.3	1056.60162	358.33891
4	Hydraulic Works	74.4	0.03400	
5	Lines, Cable Network etc.	74.5	1939.19603	629.42621
6	Vehicles	74.6	114.82751	79.51442
7	Furniture and Fixtures	74.7	5.58783	4.50326
8	Office Equipments	74.8	89.20359	59.55588
	GRAND TOTAL		16286.45904	6779.09522

EMPLOYEE COSTS
**SCHEDULE - 9
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Salaries	75.1	12006.18868	10124.97847
2	Overtime	75.2	1408.88130	811.46896
3	Dearness Allowance	75.3	9166.90040	6594.94205
4	Other Allowance	75.4	2569.70915	2131.92117
5	Bonus/Ex-gratia	75.5		0.02620
6	SUB TOTAL (1 to 5)		25151.67953	19663.33685
7	Medical Expenses Reimbursement	75.611	134.34853	84.98609
8	Leave Travel Assistance	75.612	43.42130	41.32226
9	Earned Leave Encashment	75.617	1017.50781	203.07316
10	Leave Salary Contributions (deputation staff)	75.618	0.36344	
11	Honorarium	75.620	0.01500	
12	Expenditure on paper setting etc.	75.621	28.77147	13.15867
13	Payment under Workmen's Compensation Act	75.629	19.00127	
14	Board's Contribution under Welfare Act.	75.640	5.46843	6.04587
15	Administration Charges (Employees Deposit Linked Insurance Scheme)	75.645	0.38137	0.20802
16	Board's Contribution (EDLIS)	75.646		
17	Board's Contribution to ESI Fund	75.650	0.31404	5.00544
18	Medical Expenses Reimbursement (CHP)	75.681		
19	Medical Expenses Reimbursement (AHP)	75.682		
20	Medical Expenses Reimbursement (others)	75.683	0.20000	0.10832
21	Leave Travel Assistance (CHP)	75.691		
22	Leave Travel Assistance (AHP)	75.692		
23	TOTAL OTHER STAFF COSTS (7 TO 22)		1249.79266	353.90783
24	Staff Welfare Expenses	75.7	200.96042	120.31894
25	Terminal Benefits	75.8	18781.38157	5756.76764
	GRAND TOTAL		45383.81418	25894.33126

ADMINISTRATION AND GENERAL EXPENSES

**SCHEDULE - 10
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Rent, Rates and Taxes			
	i) Rent (Including Lease Rent)	76.101	1076.74680	75.69723
	ii) Rates and Taxes	76.102	605.28790	471.15830
2	Insurance			
	i) Insurance on Fixed Assets	76.104	5.60931	14.75899
	ii) Insurance on Stocks	76.105	0.01737	0.05103
	iii) Insurance on Assets under Construction	76.106	1.63668	0.57842
	iv) Insurance charges for HVDC Project	76.107	67.99295	89.44174
	v) Lease rentals for HVDC project	76.108	27.34250	95.80693
	vi) Taxes and charges for HVDC Projects	76.109	1.09370	3.83228
3	Telephone Charges, Postage, Telegrams and Telex Charges	76.111 to 76.113	302.48345	195.07852
4	Legal Charges	76.121	13.78899	12.77769
5	Audit Fees	76.122	12.52868	12.81860
6	Consultancy Charges	76.123	260.82750	29.96981
7	Technical Fees	76.124	5.14909	5.26386
8	Other Professional Charges	76.125	84.23273	3.44545
9	Remuneration to Chairperson/ Member (Consumer Grievance Redressal Forum)	76.126	0.04984	
10	Conveyance and Travel			
	i) Conveyance Expenses	76.131	13.19202	4.40606
	ii) Travelling Expenses	76.132	486.13571	253.51957
	iii) Travelling Allowance to Employees	76.133		0.26527
	iv) Travelling Expenses for foreign tour	76.134		2.44191
	v) Vehicle running Expenses Petrol & Oil (Other than for trucks/delivery vans)	76.136	364.80254	287.44143
	vi) Vehicles Licence and Registration Fees	76.138	14.50118	9.90614
	vii) Expenses of hire of Taxi	76.139	309.24509	185.53722
11	Other Expenses			
	i) Fees and Subscriptions	76.151	56.73958	25.93292
	ii) Books and Periodicals	76.152	3.74839	2.51931
	iii) Printing and Stationary	76.153	158.24445	109.24003
	iv) Advertisement Expenses	76.155	71.33385	63.00677
	v) Contributions	76.157		
	vi) Electricity Charges	76.158	438.91038	244.41885
	vii) Water Charges	76.160	296.43432	166.03555
	viii) Entertainment	76.162	5.11954	3.51302

ADMINISTRATION AND GENERAL EXPENSES

**SCHEDULE - 10
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
	ix) Expenditure on Meetings, Conferences etc.	76.165	20.22550	5.67545
	x) Up-keep of office	76.166	120.82807	59.79510
	xi) Expenditure on Computer Billing & EDP Charges	76.167	11.62315	0.04368
	xii) Expenditure on Consumers billing	76.168		
	xiii) Interest charges for late payment of Electricity Duty	76.169		
	xiv) Security Measures for Safety & protection contract basis	76.170	532.91743	258.36467
	xv) Remuneration to Officer / Inspector	76.171		
	xvi) Miscellaneous Expenses	76.190	0.06469	0.00969
	xvii) Government Guarantee fee	76.191		
	xviii) Government Inspection fees for Board's Installations	76.192	255.43419	182.52043
12	Total of Other Expenses		1971.62354	1121.07547
13	Freight			
	i) Freight on Capital Equipment	76.210	10.69178	4.27630
	ii) Other Freight	76.220	0.88573	0.62893
14	Other Purchase Related Expenses			
	i) Transit Insurance	76.230	34.74236	18.21490
	ii) Vehicles running Expenses, Trucks and Delivery Van	76.240	126.76335	81.90723
	iii) Octroi	76.250	67.26798	37.22923
	iv) Advertisements of Tenders, Notices	76.260	66.33972	49.11667
	v) Incidental Stores Expenses	76.270	8.22433	6.26791
	vi) Other Material Related Expenses	76.279	30.49581	15.36194
	vii) Fabrication Charges	76.281	0.02500	
	Less:- Fabrication Charges absorbed in cost of Fabrications	76.282		
	Total of Other Purchase Related Expenses		333.85855	208.09788
15	Total Freight and Other Purchase Related Expenses (13 + 14)		345.43606	213.00311
16	TOTAL		5969.72363	3088.27503

DEPRECIATION AND RELATED DEBITS (NET)

**SCHEDULE - 11
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Depreciation	77.1 & 77.2	47451.21346	38871.04989
2	Assets Decommissioning Costs	77.5		
3	Small & Low value items Written-off	77.6	0.83284	0.76851
4	SUB TOTAL 1 TO 3		47452.04630	38871.81840
5	Written down value of Assets Scrapped	77.710		
6	Write-off of deficits of Fixed Assets observed upon Physical verification	77.720		
7	Loss on sale of Fixed Assets	77.730		
8	TOTAL 5 TO 7		0.00000	0.00003
9	Total Debits (4 and 8)		47452.04630	38871.81843
10	Less : Gain on Sale of Assets (excluding Capital gains transfered to Capital Reserve)	62.400		
11	TOTAL		47452.04630	38871.81843

INTEREST AND FINANCE CHARGES

**SCHEDULE - 12
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06		
1	Interest on State Govt. Loans	78.100				
2	(i) Interest on State Govt. Bonds	78.200	5968.49000	4520.54421		
	(ii) Private Bonds Interest and other finance charges	78.210				
	(iii) Foreign currency syndicate term interest and other finance charges	78.211				
3	Interest on Debentures	78.3				
	(i) Interest on Debentures	78.300				
	(ii) Interest on R.E. Debentures	78.320				
4	Interest on Foreign Currency Loans and Credits	78.400				
	(i) Interest Charges SEB SWEDEN	78.441	96.17767	122.58913		
	(ii) Interest Charges credit SUISSE SWITZERLAND	78.442	79.18728	107.84887		
	(iii) Interest Charges KFW GERMANY	78.443	86.04178	117.13517		
	(iv) Interest Charges ANZ BANKING GR. LONDON	78.444				
5	Interest on other Loans/Deferred Credits	78.5				
	(i) Interest on Loans from LIC	78.501	2208.84348	2078.24548		
	(ii) Interest on Loans from REC	78.510				
	(iii) Interest on Loans from participating Banks for SPA Schemes	78.515	4031.39349	2730.89559		
	(iv) Interest on Loans from NABARD	78.516				
	(v) Interest on Loans from Commercial Banks for Electrification Schemes	78.517				
	(vi) Interest on Loans from IDBI	78.518				
	(vii) Interest on Loans from Tata Elec. Co.,	78.519				
	(viii) Interest on Loans from AFC	78.520				
	(ix) Interest and other finance charges U.T.I.	78.521				
	(x) Interest and other finance charges D.C. Bank, Pune	78.522				
	(xi) Interest and other finance charges C.M's Relief Fund	78.523				
	(xii) Interest on Loans from ARFC	78.530				
	(xiii) Interest on Loans from CBI/ Canara Bank/HUDCO for Urban renovation schemes GTPS Uran	78.531				
	(xiv) Interest on Loans from HDFC for staff quarters	78.532				
	(xv) Interest on Loans - Project from Power Finance Corporation	78.533			7181.18634	6887.04855
	(xvi) Interest on R/M Loans from Power Finance Corporation	78.534				
	(xvii) Interest on Central Govt.					

INTEREST AND FINANCE CHARGES

**SCHEDULE - 12
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
	Loans for R/M Scheme	78.535		
	(xviii) Interest on Loans for M.S. Co-op Bank for energisation of Agricultural pump set	78.536		
	(xix) Interest accrued & due on Indian Currency Loan IL & FS Bombay.	78.537		
	(xx) Interest on CCF Canara Bank Loan (If interest is to be treated as revenue expenditure)	78.538		
	(xxi) Interest on stock not guaranteed under Section 66 of Electricity (Supply) Act, 1948.	78.540		
	(xxii) Reimbursement on GOM Int Bonds issued by GOM in favour of CPSUS P P dues	78.541		
	(xxiii) Reimbursement on GOM Int Bonds issued by GOM in favour of CPSUS Coal dues	78.542		
	(xxiv) Interest on Bonds not guaranteed under Section 66 of Electricity (Supply) Act, 1948.	78.550		
	(xxv) Interest on stocks guaranteed under Section 66 of Electricity (Supply) Act, 1948.	78.560		
6	(xxvi) Interest on other Loans	78.580	1.04551	64.76809
	Penal Interest in respect of Capital Liabilities	78.590		
7	Interest to Consumers	78.6		
	i) Interest on Fixed Deposits	78.601		
	ii) Interest on Financial Participation of Consumers	78.602		
8	Total Interest on Capital Liabilities		19652.36555	16629.07509
9	Interest on Borrowings for Working Capital	78.700		
10	Other Interest & Finance Charges	78.8		
11	Discount to Consumers for Timely Payment of Bills	78.820		
12	A) Interest to Suppliers/Contractors (Capital)	78.841		
	B) Interest to Suppliers/Contractors (O&M)	78.842		
13	Interest on Consumers' Security Deposits	78.850		
14	Interest on Contributory Provident Fund	78.851		
15	Interest on General Provident Fund	78.852		
16	Other Interest - Interest on			

INTEREST AND FINANCE CHARGES

**SCHEDULE - 12
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
17	Security Deposits from Staff	78.853		
	Cost of Raising Finance			
	i) Stamp Duty	78.861	58.33058	30.00000
	ii) Legal Charges	78.862		
	iii) Advertisements	78.863		
	iv) Service Fee	78.864	21.17743	11.94598
	v) Credit Fee	78.865		
	vi) Commitment Charges	78.866		
	vii) Lease Management Fees paid for HVDC Project	78.867		
	viii) Late fees paid fro HVDC Project	78.868		
	ix) State Govt. guarantee fees	78.869		
	x) Other Expenses	78.870		
18	Discount on issue of Bonds/Debentures	78.871		
19	Interest on Deposits from V.D.S from consumers	78.872		
20	Premium on Redemption of Bonds/Debentures	78.873		
21	Other Charges			
	i) Bank Charges for Remittances between Board's Office	78.881	2.45381	0.04140
	ii) Bank Commission for Collections from Consumers	78.882		
	iii) Other Bank Charges	78.883	53.85915	19.76608
	iv) Guarantee Charges	78.884	2743.74401	2164.32051
22	Interest on sums paid by State Govt. under Guarantee	78.890		
	Total		22531.93053	18855.14906

INTEREST AND FINANCE CHARGES CAPITALISED**SCHEDULE - 13****(RS IN LAKHS)**

This Year 2006-07	2730.45740
Previous Period (From 06-06-05 To 31-03-06)	2155.29670

Detailed working for computing the amount of capitalised interest on funds used during construction stage is given on the next page.

CAPITALISATION OF INTEREST

SCHEDULE-13A
(RS IN LAKHS)

Sch. Ref.	Sr No.	A/C.Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
			1(a)	Assets at Construction Stage (ACS)				
21	1	14.1		Capital work in progress		77443.9536		
	5	15.1		Contracts in progress		2354.9680		
	7	15.2		Rev exp .pending alloc.over capital works		0.0000		
	8	15.5		Prov.for compl. Works		211.2711		
				Assets at Construction Stage (ACS)			80010.1927	
			1(b)	Balance Net Assets (BNA)				
19				Net Fixed Assets			421524.3961	
22				Assets not in use			70.6274	
23				Deffered Costs			3809.5627	
24				Intangible Assets			73.6040	
25				Investments			14526.0000	
26				Net Current Assets				
				Total Current Assets		90095.6845		
27				Less				
				Security Deposits		0.0000		
28				Other Current Liabilities		98787.2304		
29				Subsidy Receivable				-8691.5458
				Capital Stores&Adv.for Capital supp/work				
21	3	22.64		Material at sites(Direct Debit)		2379.4828		
	4	22.601 to 619		Material at const stores(Direct Debit)		1469.1032		
	13	22.64		Material at sites(capital)other th. dir. Deb.		0.0000		
	14	22.601 to 619		Material at const stores		0.0000		
	2	25.1 to 25.5		Adv.to Suppliers(Capital)(Direct Debit)		5245.7812		
	11	25.1 to 25.9		Adv.to Suppliers & Contractors		1205.0379		
				Balance Net Assets (BNA)			10299.4052	
				Balance Net Assets (BNA)			441612.0495	
			2	Exess of Liability for cap.supply/works over Capital stores& Adv.for capital supply/works if any to be reduced from ACS				
				ACS at 1(a) above		80010.1927		

CAPITALISATION OF INTEREST

SCHEDULE-13A
(RS IN LAKHS)

Sch. Ref.	Sr No.	A/C.Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
28 21	6	42.1 to 42.7		Liability for cap.supply/works Capital stores & Adv.for capital supply/works	2665.4980 0.0000	2665.4980		
				ACS			77344.6947	
				BNA to be increased by that amount Add excess liability for cap. Supply/works		441612.0495 2665.4980		
				BNA			444277.5475	
			3	BNA shall be derived after balance current assets are metted off current liab Already done				444277.5475
								521622.2422
			4	Total Funds as per B/S will be classified				
30			(a)	Borrowing for working capital			0.0000	
31(a)			(b)	Payment due on capital liabilities			0.0000	
31(b)				Payment due on capital liabilities Int. accrued but not due on Govt.Loans			0.0000	
			(c)	Loans having initial period of int.holiday				0.0000
32	16	53.612		Dep.collected to be refunded after 8 yrs			0.0000	
	17	53.620		Financial participation by consumers			0.0000	
	18	53.621		Int. free loan from MIDC for elec.works			0.0000	
			(d)	Other int. free liabilities				0.0000
34				Contr., grants & subsidies towards cost of capital assets				12930.6043
35				Reserve Fund Reserve& Surplus				4227.6199
				Surplus of Rev.A/C before int capitalisation			9929.8565	
33(a)				Surplus of previous year			30811.9683	
				Equity Capital			269604.2046	
			(g)	Interest bearing capital liabilities				310346.0293
32				Capital liabilities				

CAPITALISATION OF INTEREST

SCHEDULE-13A
(RS IN LAKHS)

Sch. Ref.	Sr No.	A/C.Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
				Less Items 4(c) above		0.0000		
						194117.9887		
				Add Funds from State Govt.		0.0000		
33							194117.9887	
								521622.2422
59			5(a)	Borrowing for work.cap.& payment due on cap. Liab.shall be deemed to finance BNA & therefore deducted from BNA BNA at (3) above Less Borrowing for working capital Payment due on capital liabilities		444277.5475		
						0.0000		
						0.0000		
					BNA			444277.5475
			5(b)	Capital loans int. free shall be fully appor. against the ACS ACS at (2) above Less Loans having initial period of int.holiday		77344.6947		
						0.0000		
					ACS			77344.6947
			5(c)	Int. free cap.liab.proportionately divided over ACS & BNA				
					ACS&BNA	521622.2422	77344.6947	444277.5475
						12930.6043	1917.3140	11013.2903
				ACS&BNA	508691.6379	75427.3807	433264.2572	
35			5(d)	Reserve Fund shall be set off against Investments made against Funds Reserve Fund Less Investment against Funds		4227.6199		
25	1	20.1				0.0000		
			5(e)	Reserve,surplus & the excess of Reserve Fund over its investment shall be added			4227.6199	

CAPITALISATION OF INTEREST

SCHEDULE-13A
(RS IN LAKHS)

Sch. Ref.	Sr No.	A/C.Code No.	ESAAR 1985 Ref.	Particulars	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
				up to determine 'own Funds' Reserve & Surplus Reserve Fund			310346.0293 4227.6199	
				Own Funds			314573.6492	
				Own Funds shall be divided proportionately over ACS & BNA				
					Total	ACS	BNA	
				ACS&BNA	508691.6379	75427.3807	433264.2572	
				Own Funds	314573.6492	46644.1054	267929.5438	
				Balance ACS & BNA	194117.9887	28783.2752	165334.7134	
			5(f)	Where 'own funds' are negative- no adjust. of own funds shall be made		N.A		
			6	Interest bearing ACS & BNA Aggregate of these should be equal to Interest bearing Capital Liabilities	194117.9887 194117.9887 0.0000	28783.2752	165334.7134	
			7	Interest bearing ACS & BNA at the beginning of the year & at the end of the year shall be used to determine 'Average Interest bearing ACS & Interest bearing BNA				
					Total	ACS	BNA	
					194360.5140	25191.0927	169169.4213	
					194117.9887	28783.2752	165334.7134	
				Average ACS & BNA*	388478.5027	53974.3679	334504.1347	
					388478.5027	53974.3679	334504.1347	
12	8			Interest for the Year 2006-07 apportioned over ACS & BNA Interest to be capitalised during the Period 01-04-06 to 31-03-07	19652.3656	2730.4574 2730.4574	16921.9081	06-06-05 to 31-03-06 2006-07

OTHER EXPENSES CAPITALISED

**SCHEDULE -14
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Capitalisation of cost of Generation during Trial stages	71.900	0.00000	
2	Repairs and Maintenance Charged to works	74.900	80.47025	45.44286
3	Employees costs charged to Capital Works	75.900	8803.42098	6175.96725
4	Administration & General Expenses charged to Capital Works	76.900		
5	Depreciation and related costs charged to Capital Works	77.900	40.52401	35.10945
	Total		8924.41524	6256.51956

OTHER DEBITS

SCHEDULE - 15
(RS IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Materials Cost Variance	79.1		
	i) Materials Cost Variance Capital	79.110		
	ii) Materials Cost Variance O & M	79.120		
	iii) Coal Cost Variance Accounts	79.125		
	iv) Materials Cost Variance A/Cs	79.130		186.27663
2	Research & Development Expenses	79.210		
3	Cost of Trading/Manufacturing Activity	79.300		
4	Bad & Doubtful Debts written Off/provided for	79.4		
	i) Bad Debts Written off- Dues from Consumers	79.410		
	ii) 50% B.P Interest out of arrears 01.04.03 Agri Cons w/o under Krishisanjivani	79.411		
	iii) D.P.C out of arrears 01.04.03 Agri Cons w/o under Krishisanjivani	79.412		
	iv) 60% Interest waived out of arrears for current financial year DWW/PWW	76.413		
	v) 50% balance portion of interest out of arrears due as on 31.03.04 in respect of 'Powerloom Consumers' to be written off under 'Yantramag Sanjivani Yojana'	76.414		
	vi) Entire Portion of Delayed payment charges out of arrears due as on 31.03.04 in respect of 'Powerloom consumers' to be written off under 'Yantramag Sanjivani Yojana'	79.415		
	vii) 50% balance portion of interest out of arrears due as on 30.06.04 in respect of 'Public Water Supply Scheme' to be written off under 'Public Water Supply Scheme Sanjivani Yojana'	79.416		
	viii) Entire Portion of Delayed payment charges out of arrears due as on 30.06.04 in respect of 'Public Water Supply Scheme' to be written off under 'Public Water Supply Scheme Sanjivani Yojana'	79.417		
	vii) Bad Debts Written off- Advances to Suppliers/Contractors	79.420		
	viii) Bad Debts Written off- Others	79.430		
	ix) Bad & Doubtful Debts Provided for dues from Consumers	79.460		
	x) Bad & Doubtful Debts Provided for Advances to Suppliers/Contractors	79.470		
	xi) Bad & Doubtful Debts provided for Others	79.480		
5	Miscellaneous Losses & Write-off	79.5		
	i) Shortages on Physical Verification of Stocks	79.510		
	ii) Loss of Materials by Pilferage etc.	79.511		
	iii) Loss on Settlement of claims for materials	79.512		2.84537
	iv) Write-off of P.C. Poles broken in transit	79.513		
	v) Loss of Cash written-off	79.520		
	vi) Compensation for injuries, death and damages to staff	79.530	16.04667	
	vii) Compensation for injuries, death and damages to outsiders	79.531	2.87553	0.25136

OTHER DEBITS

SCHEDULE - 15
(RS IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
	viii) Infertuous Capital Expenditure written-off	79.532		
	ix) Loss on obsolescence of Fixed Assets	79.560	67.39411	0.28920
	x) Loss on obsolescence of Stores	79.561		
	xi) Loss on Exchange Rate Variation	79.570	41.93075	109.21726
	xii) Sundry Debit Balance Written-off	79.571		
	xiii) Loss on Sale of Scrap	79.572		
	xiv) Loss on sale of Stores	79.573		
	xv) Loss on sale of Broken Poles	79.574		
	SUB TOTAL OF 5		128.24706	112.60319
6	Sundry Expenses			
	i) Intangible Assets Written off	79.710	0.02531	0.02531
	ii) Intangible Assets Interest charges for HVDC project - Written off	79.711	10.08573	10.08573
	iii) Write-off of Deferred Revenue Expenditure	79.721		
	iv) Concession granted to the Agricultural consumers (for arrears recovery)	79.722		
	v) Concession granted to the Power loom consumers	79.723		
	vi) Difference due to rounding off to nearest Ruppees	79.725	0.00176	-0.00038
	vii) 50% P Amt arrears .01.04.03 of Agri Consumers to be reimbursed by GoM under Krishisanjivani Yojana	79.726		
	viii) 50% Int. P arrears .01.04.03 of Agri Consumer to be reimbursed by GoM under Krishisanjivani Yojana	79.727		
	ix) 50% Remission of Cum. Bills of Agri. Consumers to be reimbursement by GoM under Krishisanjivani Yojana	79.728		
	x) 50% of Principal Amount out of arrears due as on 31.03.04 in r/f 'Powerloom Consumers' to be reimbursed by the GoM under 'Yantramag Sanjiwani Yojana'	79.729		
	xi) 50% of Interest Portion out of arrears due as on 31.03.04 in r/f 'Powerloom Consumers' to be reimbursed by the GoM under 'Yantramag Sanjiwani Yojana'	79.730		
	xii) 50% of Principal Amount out of arrears due as on 30.06.04 in r/f 'Public Water Supply Scheme' to be reimbursed by the GoM under 'Public Water Supply Scheme Sanjiwani Yojana'	79.731		
	xiii) 50% of Interest Portion out of arrears due as on 30.06.04 in r/f 'Public Water Supply Scheme' to be reimbursed by the GoM under 'Public Water Supply Scheme Sanjiwani Yojana'	79.732		
	xiv) Concessions granted to Agriculture Consumers from July 2004 onwards for which ZERO AMOUNT is payable by the Ag. Consumers and to be reimbursed by the GoM	79.733		
	SUB TOTAL OF 6		10.11280	10.11066
7	Tax on Sale of Electricity	79.900		
	GRAND TOTAL		138.35986	308.99048

EXTRA ORDINARY ITEMS**SCHEDULE - 16
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Extra ordinary Credits i) Subsidies against Losses on A/c of Flood, Fire, Cyclone etc.	63.200		
	TOTAL CREDITS			
2	Extraordinary Debits i) Loss to Fixed Assets on account of Flood, Cyclone, Fire etc. ii) Loss to Stocks on account of Flood, Cyclone, Fire etc. iii) Loss to Assets under Construction on account of Flood, Cyclone, Fire etc. iv) Loss on write off of dues from Consumers' in areas affected by Flood, Cyclone, Fire etc.	79.881 79.882 79.883 79.884		
	TOTAL DEBITS		0.00000	0.00000
	EXTRA ORDINARY ITEMS (NET)		0.00000	0.00000

PROVISION FOR INCOME TAX**SCHEDULE - 17
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Provision for Income Tax	46.8	2134.00000	2900.00000
2	Provision for Fringe Benefit Tax		102.00000	72.00000
	TOTAL		2236.00000	2972.00000

NET PRIOR PERIOD CREDITS/CHARGES

SCHEDULE - 18
(RS IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
1	Income relating to Previous Year			
	i) Coal Related Gains of Prior Periods	65.110		
	ii) Oil Related Gains of Prior Periods	65.120		
	iii) Gas Related Gains of Prior Periods	65.130		
	iv) Receipts from Consumers relating to prior Periods	65.200		
	v) Interest Income for Prior Periods	65.400	0.31898	
	vi) Excess Provision for Income Tax in prior Periods	65.500		
	vii) Excess Provision for Depreciation in prior Periods	65.600	299.14584	
	viii) Excess Provision for Interest and Finance Charges in Prior Periods	65.700		
	ix) Other Excess Provision in prior Periods	65.800	98.80198	
	x) Other Income Relating to Prior Periods	65.900	-6.64142	
	SUB TOTAL1 (i to x)		391.62538	0.00000
2	Prior Periods Expenses/Losses			
	i) Short Provision for Power purchased in previous years	83.100		
	ii) Coal Related Expenses/Losses Relating to Previous Years	83.210		
	iii) Oil Related Expenses/Losses Relating to Previous Years	83.220		
	iv) Gas Related Expenses/Losses Relating to Previous Years	83.230		
	v) Operating Expenses of previous years	83.300	-76.08212	
	vi) Excise Duty on Generation Relating to Previous Years	83.400		
	vii) Employees Costs Relating to Previous Years	83.500	155.17428	
	viii) Pay fixation Arrears - Basic	83.501		
	ix) Pay fixation Arrears - DA	83.502		
	x) Pay fixation Arrears - Other allowances	83.503		
	xi) Pay fixation Arrears - BS-CPF	83.504		

NET PRIOR PERIOD CREDITS/CHARGES

SCHEDULE - 18
(RS IN LAKHS)

Sr. No.	Particulars	Account Code	This Year 2006-07	Previous Year From 06-06-05 To 31-03-06
	xii) Depreciation under provided in previous years	83.600	441.01527	
	xiii) Interest and Other Charges relating to previous years	83.700	32.77300	
	xiv) Reimbursement Interest for 01.10.01 to 31.03.03 on Bonds issued by GO in favour of CPSUS P P Dues	83.701		
	xv) Reimbursement Interest for 01.10.0 to 31.03.03 on Bonds issued by GO in favour of CPSUS Coal Dues	83.702		
	xvi) Short Provision for Income			
	xvii) Tax in previous year	83.810	0.00000	
	xviii) Administration Expenses in previous year	83.820	859.91513	
	xix) Adjustment due to concession granted to powerloom consumers	83.830		
	xx) Material Related Expenses Relating to Previous Years	83.840	25.34079	
	xxi) Adjustment to Past Billing Relating to Previous Years	83.900		
	xxii) Adjustment due to concession granted to Agri. Consumers.	83.910		
	xxiii) 60% of interest portion waived out of arrears for prior period due from DWW/PWW	83.911		
	xxiv) Refund of FOCA in respect of Powerloom Consumers for the period from 01.04.2001 to 30.11.200 and to be reimbursed by the GoM	83.912		
	xxv) Refund of Electricity Duty in respect of Powerloom Consumers from May 2000 and to reimbursed by the GoM	83.913		
	SUB TOTAL 2 (i to xxv)		1438.13635	0.00000
3	NET PRIOR PERIOD CREDITS/(CHARGES) (1-2)/(2-1)		-1046.51097	0.00000

Sr. No.	Assets Group	Account Code	GROSS BLOCK				PROVISION FOR DEPRECIATION				NET BLOCK	
			As on 01-04-06	Additions During the Year 2006-07	Deductions During the Year 2006-07	As on 31-03-07	As on 01-04-06	Depreciation For the Year 2006-07	Dep/Adjustment Deduction During Year 2006-07	As on 31-03-07	As on 31-03-07	
1	Land & Land Rights	10.1	9422.91525 (8687.60358)	0.00000 (735.31167)	18.17110	9404.74415 (9422.91525)	481.05926 (5305.28374)	54.37359 (44.99715)	5.51707 (-4869.22163)	540.94992 (481.05926)	8863.79423 (8941.85599)	
2	Buildings	10.2	27053.39118 (26047.79198)	359.47073 (1005.59920)		27412.86191 (27053.39118)	11049.97011 (10066.31488)	1125.53421 (908.01179)	-14.57356 (75.64344)	12160.93076 (11049.97011)	15251.93115 (16003.42107)	
3	Hydraulic Works	10.3	2232.67662 (2209.77095)	4.33741 (22.90567)		2237.01403 (2232.67662)	594.86964 (522.18365)	82.01883 (69.67886)	-11.37616 (3.00713)	665.51231 (594.86964)	1571.50172 (1637.80698)	
4	Other Civil Works	10.4	26947.11780 (26098.40899)	1093.96512 (848.80047)		28041.08292 (26947.11780)	6175.75375 (541.72272)	916.25556 (710.96006)	-42.57715 (4923.07097)	7049.43216 (6175.75375)	20991.65076 (20771.36405)	
5	Plant & Machinery	10.5	450886.51173 (439328.51953)	16141.36410 (11808.26727)	37.68624 (250.27507)	466990.18959 (450886.51173)	255400.37568 (230460.23241)	27805.64737 (22916.19208)	113.71713 (2023.95119)	283319.74018 (255400.37568)	183670.44941 (195486.13605)	
6	Lines & Cable Networks	10.6	348713.77682 (333787.77234)	15500.20953 (14926.00448)		364213.98635 (348713.77682)	156206.38087 (139389.24885)	17389.45898 (14136.13175)	156.91858 (2681.00027)	173752.75843 (156206.38087)	190461.22792 (192507.39595)	
7	Vehicles	10.7	1437.66710 (1404.70491)	0.00000 (39.53431)	12.39782 (6.57212)	1425.26928 (1437.66710)	1285.60521 (1259.94543)	2.97120 (3.35303)	-10.18481 (22.30675)	1278.39160 (1285.60521)	146.87768 (152.06189)	
8	Furniture & Fixtures	10.8	1053.18242 (989.99102)	37.01289 (63.19817)		1090.19531 (1053.18242)	796.05698 (744.43537)	52.92900 (48.71139)	-9.03046 (2.91022)	839.95552 (796.05698)	250.23979 (257.12544)	
9	Office Equipment	10.9	547.50576 (533.29876)	220.70704 (14.26666)		768.21280 (547.50576)	438.62595 (402.76831)	22.02472 (33.78232)	-9.16126 (2.07532)	451.48941 (438.62595)	316.72339 (108.87981)	
	SUB TOTAL		868294.74468	33357.06682	68.25516	901583.55634	432428.69745	47451.21346	179.24938	480059.16029	421524.39605	
	SUB TOTAL (Previous Year)		(839087.86206)	(29463.88790)	(257.00528)	(868294.74468)	(388692.13536)	(38871.81843)	(4864.74366)	(432428.69745)	(435866.04723)	
10	Capital Expenditure resulting in Assets not belonging to the MSETCL	11.1							0.00000		0.00000 (0.00000)	
11	Spare/Service Units	11.2										
12	Capital Spares at Generating Stations	11.3										
13	Assets Transfer Inward	11.4										
14	Assets Taken over from Licensees Pending final valuation	11.5							0.00000 (0.00000)		0.00000 (0.00000)	
	GRAND TOTAL		868294.74468	33357.06682	68.25516	901583.55634	432428.69745	47451.21346	179.24938	480059.16029	421524.39605	
	TOTAL (Previous Year)		(839087.86206)	(29463.88790)	(257.00528)	(868294.74468)	(388692.13536)	(38871.81843)	(4864.74366)	(432428.69745)	(435866.04723)	

FUNCTIONWISE BREAK-UP OF FIXED ASSETS

SCHEDULE - 20
(RS IN LAKHS)

Sr. No.	Functions	GROSS BLOCK			PROVISION FOR DEPRECIATION			NET BLOCK	
		As on 01-04-06	Additions/ Deductions During the Year 2006-07	As on 31-03-07	As on 01-04-06	Depreciation For the Year Adjustments/ Year 2006-07	As on 31-03-07	As on 31-03-07	As on 31-03-06
I	Trans 500 KV	226236.98486	2828.74512	229065.72998	104677.92841	17327.56953	122005.49794	107060.23204	121559.05645
II	Trans 440 KV								
III	Trans 400 KV	197849.46761	-2253.08664	195596.38097	101075.79067	-1421.14158	99654.64909	95941.73188	96773.67694
IV	Trans 220 KV	219292.71789	18820.10487	238112.82276	102944.70532	18846.92529	121791.63061	116321.19215	116348.01257
V	Trans 132 KV	135534.10805	6704.80071	142238.90876	74653.86064	6361.30392	81015.16456	61223.74420	60880.24741
VI	Trans 110 KV	8203.21612	4733.89102	12937.10714	4070.15939	4662.23789	8732.39728	4204.70986	4133.05673
VII	Trans 100 KV	7981.08038	81.94112	8063.02150	4348.61444	606.88175	4955.49619	3107.52531	3632.46594
VIII	Trans 66 KV	57822.20116	13959.14666	71781.34782	33575.90008	6558.70729	40134.60737	31646.74045	24246.30108
IX	Consumers' Servicing								
X	Civil Maintenance	11503.30891	-9690.32354	1812.98537	5162.99376	-4565.41711	597.57665	1215.40872	6340.31515
XI	Stores	557.40360	-347.55633	209.84727	199.52965	-115.28382	84.24583	125.60144	357.87395
XII	Administrative Offices	3314.25610	-1548.85133	1765.40477	1719.21509	-631.32032	1087.89477	677.51000	1595.04101
	TOTAL	868294.74468	33288.81166	901583.55634	432428.69745	47630.46284	480059.16029	421524.39605	435866.04723

CAPITAL EXPENDITURE IN PROGRESS

**SCHEDULE - 21
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-2007	As at 31-03-2006
1	Capital Work-in-Progress	14.1	77443.95362	65136.05940
2	Advances to Suppliers (Capital)	25.1		
	(Direct Debits)	& 25.5	5245.78119	4413.02464
3	Material at Site (Direct Debits)	22.640	2379.48282	2294.19464
4	Materials at Construction Stores (Direct Debits)	22.601 to 22.619	1469.10322	1939.05719
5	Contracts-in-Progress	15.1	2354.96801	1210.85629
6	SUB-TOTAL (1 TO 5)		88893.28886	74993.19216
7	Revenue Expenses pending allocation over Capital works	15.2	0.00000	0.00000
8	Provision for Completed Works	15.5	211.27110	2.18163
9	Interest Charges Capitalised		2730.45740	2155.29670
10	ASSETS AT CONST. STAGE (6 TO 9)		91835.01736	77150.67049
11	Advances to Suppliers/Contractors (Capital)	25.1 to 25.9	1205.03793	349.87100
12	SUB-TOTAL (10 TO 11)		93040.05529	77500.54149
13	Material at Site (Capital) (Other Than Direct Debits)	22.640		
14	Material at Construction Stores	22.601 to 22.619		55.21986
	TOTAL		93040.05529	77555.76135

ASSETS NOT IN USE

SCHEDULE - 22
(RS IN LAKHS)

Balance In The Beginning Of The Previous Period 06-06-05	Additions During the Period 06.06.05 to 31.03.06	Deductions During the Period 06.06.05 to 31.03.06	Sr. No.	Asset Group	Account Code	As at 01-04-06	Additions During the Year 2006-07	Deductions During the Year 2006-07	As at 31-03-07
				Written down value of Obsolete/Scrapped Assets					
0.02392	0.00916		1	Buildings	16.110				
15.53823	53.01691	0.23258	2	Hydraulic Works	16.120				
0.40268	0.21797	0.21419	3	Other Civil Works	16.130	0.03308			0.03308
0.27373	0.65722	0.05662	4	Plant & Machinery	16.140	68.32256	67.39411	67.39408	68.32259
0.16893			5	Lines & Cable Networks	16.150	0.40646			0.40646
0.16436	0.00066		6	Vehicles	16.160	0.87433		0.00000	0.87433
0.65179	0.00596	0.00078	7	Furniture & Fixtures	16.170	0.16893		0.13814	0.03079
			8	Office Equipments	16.180	0.16502		-0.04504	0.21006
			9	Other Assets	16.190	0.65697		-0.09310	0.75007
17.22364	53.90788	0.50417		TOTAL		70.62735	67.39411	67.39408	70.62738

DEFERRED COSTS

SCHEDULE - 23
(RS IN LAKHS)

Balance In The Beginning Of The Previous Period 06-06-05 Rs.	Additions During the Period 06-06-05 to 31-03-06 Rs.	Deductions During the Period 06-06-05 to 31-03-06 Rs.	Particulars	Account Code	As at 01-04-06 Rs.	Cost deferred During the Year 2006-07 Rs.	Cost charged to revenue during the Year 2006-07 Rs.	As At 31-03-07 Rs.
1	2	3	4	5	6	7	8	9
			DEFERRED REVENUE EXPENDITURE	17.2				
			Compensation for Premature Take-Over of Licensees	17.221				
87.17579	0.31897	1.77224	Fixed Assets Pending Investigation	17.250	85.72252			85.72252
5218.20334	386.60875	863.11012	Other Deferred Revenue Expenditure	17.299	4741.70197		1019.86030	3721.84167
5305.37913	386.92772	864.88236	Total Deferred Revenue Expenditure		4827.42449	0.00000	1019.86030	3807.56419
			Expenditure On Survey/ Feasibility Studies of Project Not yet Sanctioned	17.300	1.81622	3.35183	3.16956	1.99849
0.11850	1.69772		Expenses Incurred On Raising Finance	17.400				
5305.49763	388.62544	864.88236	Total Deferred Cost		4829.24071	3.35183	1023.02986	3809.56268

INTANGIBLE ASSETS

SCHEDULE -24
(RS IN LAKHS)

As at 06-06-05 Rs.	Cost deferred during the Period 06.06.05 to 31.03.06 Rs.	Cost Charged Revenue during Period 06.06.05 to 31.03.06 Rs.		Particulars	Account Code	As at 01-04-06 Rs.	Cost incurred During the Year 2006-07 Rs.	Cost charged to revenue during the Year Rs.	As At 31-03-07 Rs.
1	2	3	4	5	6	7	8	9	10
0.05062		0.02531	a)	Payments To Acquire Right to Receive Power/Water for Power Station.	18.100		0.29100	0.29100	
			b)	Payments towards Oracle Product	18.110	0.02531	63.52840	0.02531	63.52840
			c)	Cost of Raising Finance	18.200				
30.24709		10.08573	d)	Expenses For forming and organising the Board Intangible Assets Interest Charges paid to IL and FS For HDVC Lease Agreement	18.250	20.16136		10.08573	10.07563
30.29771	0.00000	10.11104		TOTAL		20.18667	63.81940	10.40204	73.60403

INVESTMENTS

SCHEDULE -25
(RS IN LAKHS)

As at 06-06-05	Further investments During the Period	Investments realised During the Period	SR NO	Particulars	Account Code	As at 01-04-06	Further investments During the Year	Investments realised During the Year	As at 31-03-07	Details Of Investments Certificates Etc.Pledged Or Given As Security Deposit Rs.
Rs.	Rs.	Rs.				Rs.	Rs.	Rs.	Rs.	Rs.
			1	(i) Investments against Funds Staff pension Fund Investments	20.1 20.110					
				(ii) Gratuity Fund Investments Investments	20.120					
				(iii) Depreciation Reserve Fund Investments	20.130					
			2	Investments other than Fund Investments	20.2					
				(i) Investments in Govt. Securities	20.210					
				(ii) Investments in Bonds Debentures of other Electricity Boards	20.230					
				(iii) Investments in Bonds/ Debentures of other bodies engaged in Generation, Transmission or Distribution of Power	20.250					
				(iv) Investments in shares in Corporations and Public Limited Companies	20.270					
				(v) Investment in shares in Dabhol company	20.271				0.00000	
	5800.00000	5800.00000		(vi) Investments in the form of Fixed Deposits with Banks, Companies etc.	20.280		33826.00000	19300.00000	14526.00000	
	8721.68633	8721.68633		(vii) Other Investments	20.290				0.00000	
0.00000	14521.68633	14521.68633		TOTAL		0.00000	33826.00000	19300.00000	14526.00000	
			3	(i) Investments in Subsidiaries Investment of equity shares in subsidiaries(MPDC Ltd.)	20.3 20.311				0.00000	
				(ii) Loans to subsidiaries Maha. power develop. Corporation mpdcl	20.331				0.00000	
			4	Investments in partnerships Joint Ventures	20.4					
0.00000	14521.68633	14521.68633		TOTAL		0.00000	33826.00000	19300.00000	14526.00000	

TOTAL CURRENT ASSETS**SCHEDULE - 26
(RS IN LAKHS)**

Sr. No.	Particulars	Schedule No.	As at 31-03-07	As at 31-03-06
1	Stocks	26(a)	9632.22565	6583.06099
2	Receivable against Transmission Charges	26(b)	42775.75602	26457.16261
3	Cash and Bank Balances	26(c)	7936.66040	1001.62008
4	Loans and Advances	26(d)	14042.78894	6217.51876
5	Sundry Receivables	26(e)	15708.25350	26728.98847
	TOTAL		90095.68451	66988.35091

STOCKS
**SCHEDULE-26(a)
(RS IN LAKHS)**

Sr. No.	Particular	Account Code	As at 31-03-07	As at 31-03-06
1	Fuel Stocks			
	i) Coal Stock	21.101		
	ii) Rejected Coal Stock	21.102		
	iii) Oil Stock-LDO	21.103		
	iv) Oil Stock-HSD	21.104		
	v) Oil Stock-Furnance Oil	21.105		
	vi) Oil Stock-LSHS	21.106		
	vii) Gas	21.108		
2	Coal in Transit	21.121		
3	Oil in Transit	21.125		
	Sub-Total			0.00000
4	Insurance Spares Stock Account	22.1		
5	Stock of Materials at Construction Stores	22.601 & 22.619		
6	Stock of Materials at Other Stores	22.621 to 22.639	6184.46119	4984.71330
7	Materials at Site A/c (O&M) (MASA Capital A/c 22.640 shown under Schedule-21)	22.640 & 22.650		
8	Materials pending Inspection	22.660 & 22.670	3168.41354	1273.35959
9	Material-in-Transit	22.680 & 22.690		
10	Other Materials Accounts	22.7	132.24995	172.79566
11	Fuel Stock Excess/Shortage Pending Investigation	21.2		
12	Materials Stock Excess/Shortage- Pending Investigation	22.8	147.10097	152.19244
	TOTAL		9632.22565	6583.06099

RECEIVABLES AGAINST TRANSMISSION CHARGES
**SCHEDULE-26(b)
(RS IN LAKHS)**

Sr. No.	Particular	Account Code	As At 31-03-07	As At 31-03-06
1	Sundry Debtors for Transmission Charges	23.1	16498.58630	26457.16261
2	Sundry Debtors for Inter State Sale of Power	23.6	1350.16971	
3	Sundry Debtors for Electricity Duty 23.2			
4	Provision for Unbilled Revenue	23.4		
5	Dues from Permanently Disconnected Consumers (Net of Security Deposits forfeited)	23.5		
6	Sundry Debtors Miscellaneous Receipts from Consumers	23.7		
7	Receivables of STU from Distribution Licencees	23.8	13317.58334	
8	Receivables Against Transmission Charges	23.8	11609.41667	
	SUB TOTAL		42775.75602	26457.16261
8	Less:			
	i) Sundry Debtors Collections A/c and Unposted Receipts	23.3		
	ii) Provision for Doubtful Dues from Consumers	23.9		
	TOTAL		42775.75602	26457.16261

CASH AND BANK BALANCES
**SCHEDULE-26(c)
(RS IN LAKHS)**

Sr. No.	Particular	Account Code	As At 31-03-07	As At 31-03-06
1	Cash/Cheques in hand	24.1	2776.26265	9.89616
2	Cash Imprest with Staff	24.2	0.08545	0.08545
3	Balances with Banks	24.3		
		& 24.4	4192.08475	739.04012
	Cash in Transit	24.5		
		& 24.6	968.22755	252.59835
5	Deposit with Government Treasury	24.7		
	TOTAL		7936.66040	1001.62008

LOANS AND ADVANCES

**SCHEDULE-26(d)
(RS IN LAKHS)**

Sr. No.	Particular	Account Code	As At 31-03-07	As At 31-03-06
1	Advances for O&M Supplies / Works	26.1 to 26.7	5132.06244	1016.12057
2	Advances for Fuel Supplies	26.8		
3	Advances to Contractors(O&M)	26.9		
4	SUB-TOTAL OF 1 To 3		5132.06244	1016.12057
5	Loans & Advances to Staff	27.1 & 27.2	1171.74966	982.98972
6	Loans & Advances to Licensees	27.3		
7	Advance Income Tax/ Deductions at source	27.4	7713.77778	4179.21131
8	Loans & Advances-Others	27.8	25.19906	39.19716
9	TOTAL 4 to 8		14042.78894	6217.51876
10	Less: Provision for Doubtful Loans & Advances	27.9		
11	TOTAL (9 - 10)		14042.78894	6217.51876

SUNDRY RECEIVABLES

**SCHEDULE - 26(e)
(RS IN LAKHS)**

Sr. No.	Particular	Account Code	As At 31-03-07	As At 31-03-06
1	Sundry Debtors - Trading Account	28.1	222.05801	9.84355
2	Income accrued and due On Investment	28.210 to 28.240	0.08145	
	On Other Income	28.250 to 28.290		
			224.03896	10.17916
3	Income accrued but not due	28.3	286.28519	175.52954
4	Amount recoverable from Employees/ Ex-Employees etc.	28.4	14.80963	15.54512
5	Fuel Related Receivables and Claims			
	Grade difference of Coal (Net of provision for loss on grade difference)	28.511 & 28.512	0.00000	0.00000
	Railway claims for Coal	28.513 & 28.514		
	Others	28.531 To 28.560		
6	Other Claims & Receivables	28.700 & 28.800	14661.05425	26132.61566
7	Excess repayment of State Govt. Loans	28.857		
8	Deposits	28.900	487.93661	394.49109
9	Inter Unit Accounts		34.12886	0.62790
	TOTAL		15708.25350	26728.98847

SECURITY DEPOSITS FROM CONSUMERS
**SCHEDULE - 27
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	As At 31-03-07	As At 31-03-06
1	Security Deposits from Consumers (In Cash)	48.100		
2	Security Deposits from Consumers (Other than in Cash)	48.200		
3	Interest payable on Consumers' Deposits	48.300		
	TOTAL		0.00000	0.00000

OTHER CURRENT LIABILITIES
**SCHEDULE - 28
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-07	As at 31-03-06
1	Liabilities to Railway for Coal Receipts	40.1		
2	Liabilities on account of Grade Difference of Coal	40.2		
3	Unpaid Coal Bills	40.7		
4	Other Fuel related Liabilities	40.3 to 40.8		
			0.00000	0.00000
5	Payable of STU to Transmission Licencees	41.1 to 41.3	13317.58334	
6	Liability for Capital Supplies/ Works	42.1 to 42.7	2665.49803	1763.70410
7	Liability for O & M Supplies/ Works	43.1 to 43.5	10064.66815	4456.94310
8	Staff related Liabilities & Provisions			
	i) Provision for Gratuity	44.110	21371.00000	20234.00000
	ii) Provision for Leave encashment	44.340	11636.00000	
	iii) Other Liabilities and Provisions	44.120 to 44.4	145.56984	126.94080
9	Deposits and Retentions from Suppliers and Contractors	46.1	6984.78274	5709.78128
	Less : (Net of Deposits received in form of Investments etc.)	28.930	437.11999	342.76685
10	Electricity Duty and Other Levies payable to Government	46.3	0.00915	0.70000
11	Liability for Expenses	46.4	18947.26787	16769.44569
12	Amount owing to Licensees	46.6		
13	Accrued /Unclaimed amounts relating to Borrowings	46.7	5396.01391	5729.40496
14	Provision for Income Tax/FBT	46.8	5208.00000	2972.00000
15	Other Liabilities and Provisions	46.9	2839.58718	29614.56517
16	Sub Total (1 to 15)		98138.86022	87034.71825
17	Deposits for Electrification, Service Connection etc.	47.1 to 47.8	648.37013	691.45354
18	TOTAL		98787.23035	87726.17179

SUBSIDY RECEIVABLE FROM GOVERNMENT**SCHEDULE - 29
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-07	As at 31-03-06
1	Capital Subsidy/Grant Receivable	28.610		
2	Revenue Subsidy/Grant Receivable	28.620		
	TOTAL		0.00000	0.00000

BORROWINGS FOR WORKING CAPITAL**SCHEDULE - 30
(RS IN LAKHS)**

Sr. No.	Particulars	Account Code	As at 31-03-06	As at 06-06-05
1	Cash Credit from Banks	50.100		
2	Bank Overdrafts	50.200		
3	Temporary Overdrafts from Banks	50.300		
4	Temporary Advances from Governments	50.400		
	TOTAL		0.00000	0.00000

PAYMENTS DUE ON CAPITAL LIABILITIES

SCHEDULE 31(a)
(RS IN LAKHS)

As at 06-06-05 Rs.	Becoming Due During The Period 06-06-05 Rs.	Payments Made During The Period 06-06-05 Rs.	Sr. No.	Particulars	ACCOUNT CODE	As at 01-04-06 Rs.	Becoming Due During The Year 2006-07 Rs.	Payments Made During The Year 2006-07 Rs.	As at 31-03-07 Rs.
1	2	3	4	5	6	7	8	9	10
0.00001	3453.38525 5979.83181	3453.38525 5979.83181	I	REPAYMENTS DUE					
				1) State Govt. Loans under Sec.64 of Elect.(Supply) Act 1948	51.102				
				2) Loans from L.I.C.	51.103	0.00001	3453.38525	3453.38525	0.00001
				3) Loans from R.E.C.	51.104		8037.01523	8037.01523	
				4) Public Bonds/Debentures	51.105				
				5) R.E.Debentures	51.106				
				6) Other Debentures	51.107				
				7) Loan from A.R.F.C.	51.109				
				8) Loans from N.A.B.A.R.D.	51.110				
				9) Loans from Commercial Banks for Electrification Schemes	51.111				
				10) Fixed Deposits from Public	51.112				
				11) Loans from I.D.B.I	51.113				
				12) Term Deposits / Loans from M.IDC	51.114				
				13) Participating Commercial banks for S.P.A.Schemes	51.115				
	2000.00000	2000.00000		14) Repayments due-Loans from Central Govt. & others	51.117				
				15) Tata Electric Supply Co.	51.120				
				16) Debentures Subscription money pending allotment	51.121				
				17) Financial participation by Consumers Interest bearing	51.124				
				18) Capital Cost Deposits	51.125				
				19) Financial participation by Consumers Interest free	51.126				
				20) Loans from--G.I.C. & its Subsidiaries	51.127				
				21) Repayments due-foreignn curenecy Loan-SBI	51.128				
	9816.87889	9816.87889		22) Loans from H.D.F.C.	51.129		16456.23614	16456.23614	
				23) Loans from P.F.C. Project Loan.	51.130				
				24) R/M.Loans from Power Finance Corpn.	51.131				
				25) R/M Scheme Central Govt. Loan	51.132				
				26) Loans from M.S.C. Bank,Ag.Pump Sets	51.133				
				27) On Capital Liabilities U.T.I.	51.134				
				28) On Capital Liabilities P.D.C.Bank	51.135				
				29) C.M 's Relief Fund	51.136				
				30) Repayment due on CCF-Canara Bank Loan	51.138				
				31) Repayment Due Foreign Currency Loan					
	802.22719	802.22719		i) SEB Sweden	51.141		1590.52078	1590.52078	
	963.55107	963.55107		ii) Credit SUISE - Switzerland	51.142		980.85074	980.85074	

PAYMENTS DUE ON CAPITAL LIABILITIES

SCHEDULE 31(a)
(RS IN LAKHS)

As at 06-06-05 Rs.	Becoming Due During The Period 06-06-05 Rs.	Payments Made During The Period 06-06-05 Rs.	Sr. No.	Particulars	ACCOUNT CODE	As at 01-04-06 Rs.	Becoming Due During The Year 2006-07 Rs.	Payments Made During The Year 2006-07 Rs.	As at 31-03-07 Rs.
1	2	3	4	5	6	7	8	9	10
	487.95841	487.95841		iii) KFW Germany	51.143		999.68263	999.68263	
				iv) ANZ Banking group Ltd. London.	51.144				
				32) Private Bond Payment due on capital Liability	51.145				
				33) Foreign Currency syndicate term loan payment due on capital liability	51.146				
0.00001	23503.83262	23503.83262		Total Repayments Due (1 to 33)		0.00001	31517.69077	31517.69077	0.00001
			II	INTEREST ACCRUED AND DUE ON					
	1883.00987	1883.00987		1) Loan from L.I.C.	51.201		1975.22645	1975.22645	
	3894.38525	3894.38525		2) Loan from R.E.C.	51.205		3962.95910	3962.95910	
				3) Loan from S.P.A.	51.206				
	3572.67140	3572.67140		4) Loan from N.A.B.A.R.D.	51.207				
				5) Loan from Public Bonds	51.220		5968.49000	5968.49000	
				6) Private Bond interest accrued and due	51.221				
	81.28310	81.28310		7) Loan from R.E.Debentures	51.225				
				8) Loan from Other Debentures	51.230				
				9) F.C.Loan from S.B.I.	51.232				
	78.50127	78.50127		10) Interest accrued and due on IDBI	51.240				
				11) Interest accrued and due on SEB Sweeden	51.241		124.74332	124.74332	
	135.20399	135.20399		12) Interest accrued and due on Credit suisse Switzerland	51.242		79.18728	79.18728	
				13) Interest accrued and due on kfw Germany	51.243		113.63475	113.63475	
				14) Int.Charges ANZ Banking Group Ltd.London	51.244				
				15) Loan from H.D.F.C.	51.246				
	5215.89242	5215.89242		16) Loan from P.F.C.	51.247		8171.88709	8171.88709	
				17) R.M Loan from P.F.C.	51.248				
				18) Loan from Central Govt.	51.249				
				19) Loan from Govt.	51.250				
				20) Loan from M.S.C.Bank	51.251				
				21) Loan from Unit Trust of India	51.252				
				22) Loan from P.D.C.Bank	51.253				
				23) Loan from C.M.'s Relief Fund	51.254				
				24) Term Deposits	51.255				
				25) Int. accrued & due on CCF Canara Bank	51.256				
				26) Deposit against R.E.Debentures	51.260				
				27) Financial participation by consumers	51.265				
				28) Loan from Staff Welfare Fund	51.270		1.04551	1.04551	
	567.84529	567.84529		29) Loan from Others	51.290				
				i) M.I.D.C.					
				ii) M.M.R.D.A					
				iii) Mumbai District Central Co-Op. Bank					

PAYMENTS DUE ON CAPITAL LIABILITIES

SCHEDULE 31(a)
(RS IN LAKHS)

As at 06-06-05	Becoming Due During The Period 06-06-05	Payments Made During The Period 06-06-05	Sr. No.	Particulars	ACCOUNT CODE	As at 01-04-06	Becoming Due During The Year 2006-07	Payments Made During The Year 2006-07	As at 31-03-07	
Rs.	Rs.	Rs.				Rs.	Rs.	Rs.	Rs.	
1	2	3	4	5	6	7	8	9	10	
				iv) Raigad District Central Co-Op. Bank v) Pune District Central Co-Op. Bank vi) Akola District Central Co-Op. Bank vii) Sangli District Central Co-Op. Bank viii) Canara Bank ix) Bank of India x) Bank of Maharashtra xi) B.S.E.S. xii) Dena bank xiii) KEC International xiv) Andhra Bank xv) United Western Bank xvi) Sindhudurg District Central Co-Op Bank xvii) Chandrapur District Central Co-Op Bank xviii) Central Bank of India xix) Punjab National Bank xx) UCO Bank xxi) Indian Overseas Bank xxii) Bank of Baroda xxiii) MIDC - Ranjangoan xxiv) MIDC - Hinjewadi xxv) MIDC - Mahape xxvi) Indian Bank xxvii) ICICI Bank						
0.00000	15428.79259	15428.79259		TOTAL INTEREST ACCRUED AND DUE (1 TO 29)	51.200	0.00000	20397.17350	20397.17350	0.00000	
0.00001	38932.62521	38932.62521		TOTAL (I+II)		0.00001	51914.86427	51914.86427	0.00001	

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PAYMENTS DUE ON CAPITAL LIABILITIES

SCHEDULE 31(b)
(RS IN LAKHS)

As at 06-06-05	Becoming Due During The Period 06-06-05	Payments Made During The Period 06-06-05	Sr. No.	Particulars	ACCOUNT CODE	As at 01-04-06	Becoming Due During The Year 2006-07	Payments Made During The Year 2006-07	As at 31-03-07
Rs.	Rs.	Rs.				Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10
				1) Total Interest accrued but not due on Government Loans	46.716				0.00000

CAPITAL LIABILITIES

SCHEDULE 32
(RS IN LAKHS)

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Outstanding As At 06-06-05	Amount Received During The Period 06-06-05 to	Repayments Due During The Year Period 06-06-05 to	SR NO	Particulars	Details Of Interest Rate Moratorium And Rate Applicable At the end of	Account Code	Outstanding As At 01-04-06	Amount Received During The Year 2006-07	Repayments Due During The Year 2006-07	Outstanding As At 31-03-07
50132.00000			1	Private Bonds		52.115				0.00000
			2	Public Bonds(Annexure)	7.25% to 13.50%	52.141 to 52.159	50132.00000			50132.00000
			3	Bond Subscription moneys pending allotment		52.17				
			4	R.E. Debentures	13.50%	52.21				
			5	Other Debentures		52.27				0.00000
			6	Debentures Subscription money pending allotment.(R.E.Debentures Deposits)	13.50%	52.29				
3050.76241	94.40017	802.22719	7	Foreign Currency Loan (SBI) (in D.M.)	4.00%	52.311				
			8	Foreign Currency Loan SEB-SWEEDEN. (in SEK)	6.94%	52.341	2342.93539	3.65757	1590.52078	756.07218
2359.59373		963.55107	9	Foreign Currency Loan credit Suisse-switzerland (in CHF)	5.50%	52.342	1396.04266	65.71191	980.85074	480.90383
2365.24847	60.27899	487.95841	10	Foreign Currency Loan Kfw-Germany (in DM)	6.28%	52.343	1937.56905		999.68263	937.88642
26752.27167		3453.38525	11	Foreign Currency Loan Anz Banking Group Ltd-London.(in USD)	7.38%	52.344				
			12	Loans from LIC	7.25% to 14.00%	52.5	23298.88642		3453.38525	19845.50117
31869.09955	10391.21700	5979.83181	13	Loan from A.R .F . C		53.1				
			14	Loan from REC	13.00% to 15.00%	53.3	36280.48474	21680.48100	8037.01523	49923.95051
			15	Loans from participating Commercial Banks for SPA Schemes	15.00%	53.31				
			16	Loans from NABARD	14%	53.4				
			17	Financial Participation by Consumers (Interest Bearing)	12.50% to 14.00%	53.610				0.00000
			18	Refundable Capital Cost Deposits	5.00% to 10.25%	53.611				0.00000
			19	Deposits collected to be refunded after eight years(without interest)		53.612				0.00000
			20	Financial Participation by consumers (Interst Free)		53.620				0.00000
			21	Interest free Loan from MIDC for Elec.Work		53.621				0.00000
116528.97583	10545.89616	11686.95373		Sub total (1 TO 21)			115387.91826	21749.85048	15061.45463	122076.31411
			22	LOAN FROM OTHERS						
			23	Loans from Staff Welfare Funds A/c		53.700				
				Loans from Others I.D.B.I. (Under rediscounting scheme)		53.702				0.00000
				Less:- Interest	20.52%	53.701				0.00000
0.00000	0.00000	0.00000		NET			0.00000	0.00000	0.00000	0.00000
			24	LOANS FROM OTHERS Term Deposits	6.00% to 10.00%	53.703				

Outstanding As At 06-06-05	Amount Received During The Period 06-06-05 to	Repayments Due During The Year Period 06-06-05 to	SR NO	Particulars	Details Of Interest Rate Moratorium And Rate Applicable At the end of	Account Code	Outstanding As At 01-04-06	Amount Received During The Year 2006-07	Repayments Due During The Year 2006-07	Outstanding As At 31-03-07
2411.63573		2000.00000	25	Loans from Others			411.63573			411.63573
				1) Mumbai DCC.Bank	15%	53.704				0.00000
				2) Raigad DCC.Bank	12.50%	53.704				
				3) Akola DCC.Bank	17%	53.704				
				4) M.I.D.C.	14.25%	53.704				
				5) Sangli DCC.Bank	17%	53.704				
				6) B.S.E.S	16%	53.704				
				7) M.M.R.D	15%	53.704				
				8) Canara Bank	9.50%	53.704				0.00000
				9) Bank of India	8.75%	53.704				0.00000
				10) Bank of Maharashtra	14.79%	53.704				
				11) Dena Bank	8.75% & 6.25%	53.704				0.00000
				12) United Western Bank	13.50%	53.704				0.00000
				13) Andhra Bank	10.00%	53.704				0.00000
				14) KEC International	16.00%	53.704				0.00000
				15) Chandrapur DCC Bank	12.50%	53.704				0.00000
				16) Sindhudurg DCC Bank	14.50%	53.704				0.00000
				17) Central Bank of India	10.25%	53.704				0.00000
				18) Punjab National Bank	8.75%	53.704				0.00000
				19) UCO Bank	10.25% & 6.25%	53.704				0.00000
				20) MIDC - MAHAPE	14.25%	53.704				0.00000
				21) INDIAN OVERSES BANK	9.00%	53.704				0.00000
				22) BANK OF BARODA	8.75%	53.704				0.00000
				23) MIDC Ranjangoan	14.25%	53.704				0.00000
				24) MIDC Hinjewadi	14.25%	53.704				0.00000
				25) Indian Bank	6.2% to 8%	53.704				0.00000
				26) ICICI Bank	6.60%	53.704				0.00000
			26	Loan from M/s Tata Electric Supply Co.	6.00%	53.705				
			27	Loans from Others						
				GIC and it's Subsidiaries Cos.	14.44%	53.706				
				Sainik Welfare Board		53.706				
			28	Loans from H.D.F.C.	17.00%	53.707				0.00000
86012.99292	2364.84596	9816.87889	29	Power Finance Corpn.(Project)	16% to 17%	53.708	78560.95999	9525.31498	16456.23614	71630.03883
			30	Power Finance Corpn.(R. & M.)	16% to 17%	53.709				0.00000
			31	Central Govt. Loan (R. & M.)	10.25%	53.710				0.00000
			32	Loans from M. S. C. Bank	16.00%	53.711				
			33	Loans from Unit Trust of India	17.00%	53.712				
			34	Loans from P.D.C. Bank	15.00%	53.713				
			35	Loans from CM's Relief Fund		53.714				
			36	Loans from C.C.F.Canara Bank	14.50%	53.716				
88424.62865	2364.84596	11816.87889		SUB - TOTAL			78972.59572	9525.31498	16456.23614	72041.67456
204953.60448	12910.74212	23503.83262		TOTAL			194360.51398	31275.16546	31517.69077	194117.98867

PUBLIC BONDS

ANNEXURE TO SCHEDULE-32

(RS IN LAKHS)

Outstanding at the end of the Previous Year 06-05-05 Rs.	Amount Received During the Period 06-05-05 to 31-03-06 Rs.	Repayments Due During the Period 06-05-05 to 31-03-06 Rs.	Sr. No.	Particulars	Rate of Interest	Account Code	Outstanding at the end of the Previous Year 31-3-2006 Rs.	Amount Received During the Year 2006-07 Rs.	Repayments Due During the Year 2006-07 Rs.	Outstanding at the end of the Year ended 31-03-07 Rs.
8759.00000			1	M.S.E.B. Bonds 2008(20 years)	11.50%	52.150	8759.00000			8759.00000
247.00000			2	M.S.E.B. Bonds 2009(20 years)	11.50%	52.151	247.00000			247.00000
84.00000			3	M.S.E.B. Bonds 2009(I)(20 years)	11.50%	52.152	84.00000			84.00000
10799.00000			4	M.S.E.B. Bonds 2009(II)(20 years)	11.50%	52.153	10799.00000			10799.00000
425.00000			5	M.S.E.B. Bonds 2010(I)(20 years)	11.50%	52.154	425.00000			425.00000
125.00000			6	M.S.E.B. Bonds 2010(II)(20 years)	11.50%	52.155	125.00000			125.00000
9311.00000			7	M.S.E.B. Bonds 2010(III)(20 years)	11.50%	52.156	9311.00000			9311.00000
10242.00000			8	M.S.E.B. Bonds 2011(20 years)	12.00%	52.157	10242.00000			10242.00000
10140.00000			9	M.S.E.B. Bonds 2007(15 years)	13.00%	52.158	10140.00000			10140.00000
0.00000			10	M.S.E.B. Bonds 2003(10 years)	13.50%	52.159	0.00000			0.00000
50132.00000				TOTAL			50132.00000			50132.00000

FUNDS FROM STATE GOVERNMENT

SCHEDULE 33
(RS IN LAKHS)

Outstanding as at 06-06-05 Rs.	Amount Received During the Period 06-06-05 to 31-03-06 Rs.	Repayments Due During the Period 06-06-05 to 31-03-06 Rs.	Sr. No.	Particulars	Details of Interest Rate, Moratorium and Rate applicable at the end of the year	Account Code	Outstanding as at 01-04-06 Rs.	Amount Received During the Year 2006-07 Rs.	Repayments Due During the Year 2006-07 Rs.	Outstanding as at 31-03-07 Rs.
			1	State Govt.Loans under Section 64 of the the Electricity (Supply) Act 1948 Consolidated Loans as on 1.4.1961	4.90% (Not repayable)	54.2				
			2	Loan for R.E.Schemes Upto 31.3.77	6.00%					0.00000
				From 1.4.77 to 31.3.85	6.25%					
				From 1.4.85	9.00%					
				From 1.4.90	11.75%					
				From 1.4.94 (Perpetual Loan)	11.75%					
			3	Loans from Major Gen.& Transmission Schemes Upto 31.3.77	5.51%					0.00000
				From 1.4.77 to 31.3.85	6.25%					
				From 1.4.85	9.00%					
				From 1.4.90	11.75%					
				From 1.6.95 (See note below)	14.25%					
			4	Loan for Tarapur Power Supply (Repayable in 20 Years)	(see Note below) 6.75%					
			5	Loan for D.P.C. Equity 10 Years	12.00%				0.00000	0.00000
			6	Other Loans					0.00000	
			7	Amount received from State Government under guarantee		54.4				0.00000
0.00000	0.00000	0.00000			0.00000	0.00000	0.00000	0.00000		

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EQUITY CAPITAL

SCHEDULE 33 (A)
(RS IN LAKHS)

Outstanding as at 05-06-2005	Amount Received During the Period 06-06-05 to 31-03-06	Repayments Due During the Period 06-06-05 to 31-03-06	Sr. No.	Particulars	Details of Interest Rate, Moratorium and Rate applicable at the end of the year	Account Code	Outstanding as at 01-04-06	Amount Received During the Year 2006-07	Repayments Due During the Year 2006-07	Outstanding as at 31-03-2007
269599.20455	5.00000		1	Equity capital under section 66(A) of Electricity (Supply) Act 1948		54.510	5.00000			5.00000
			2	Share Suspense Account * (Pending allotment)			269599.20455	785.26889	785.26889	269599.20455
269599.20455	5.00000	0.00000		Total			269604.20455	785.26889	785.26889	269604.20455

* This represents shares to be issued to MSEB Holding Co. Ltd. as a part of Purchase Consideration as a result of demerger

CONTRIBUTION, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS

SCHEDULE - 34
(RS IN LAKHS)

As at 06-06-05	Additions during the Period 06-06-05 to 31-03-06	Sr. No.	Particulars Code	Account	As at 01-04-06	Additions during the Year 2006-07	As at 31-03-07
0.00000	336.51095	1)	Consumers'Contribution towards cost of Capital Assets (CRA)(Service Connection)	55.100	336.51095	1931.77039	2268.28134
0.00000	0.00000	2)	Consumers'Contribution towards cost of Capital Assets (CRB)	55.101			
0.00000	0.00000	3)	Consumers'Contribution towards cost of Capital Assets (Outright Contribution)				
0.00000	0.00000	i)	For L.T. Consumers	55.102	0.00000	49.19111	49.19111
0.00000	2490.84456	ii)	For H.T. Consumers	55.103	2490.84456	1264.28730	3755.13186
		4)	Consumers'Contribution towards cost of Capital Assets (TESCO)	55.105	0.00000		0.00000
		5)	Consumers Contribution towards cost of Pole under Krishisanjavini	55.106	0.00000		0.00000
0.00000	2827.35551	6)	Total Consumers'Contribution		2827.35551	3245.24880	6072.60431
		7)	Subsidies towards cost of Capital Assets	55.200			0.00000
0.00000		8)	Grants towards cost of Capital Assets	55.300	0.00000	6858.00000	6858.00000
0.00000	2827.35551		TOTAL		2827.35551	10103.24880	12930.60431

RESERVES AND RESERVE FUNDS

SCHEDULE - 35
(RS IN LAKHS)

As at 06-06-05	Additions during the Period 06.06.05 to 31.03.06	Deductions during the Period 06.06.05 to 31.03.06	Sr No	Particulars	Account Code	As at 01-04-06	Additions during the Year 2006-07	Deductions during the Period 2006-07	As at 31-03-07
				RESERVES					
0.00000		0.00000	1	General Reserve	56.100				
			2	Capital Reserve	56.200	0.00000			0.00000
			3	Investment Allowance Reserve	56.410				
			4	Investment Allowance Reserve (Utilised)	56.450				
			5	Sinking Fund for Repayment of Borrowings	56.300				0.00000
			6	Sinking Fund for Repayment of Govt.Loans	56.301				
			7	Tariff Reserve	56.500				
0.00000			8	Reserve for Materials Cost Variance	56.610		1.61989		1.61989
			9	Exchange Variance Reserve	56.620	0.00000			0.00000
			10	Contingent Reserve	56.630		4226.00000		4226.00000
			11	Consumers' Rebate Reserve	56.640				0.00000
			12	Statutory Reserve 56.650					0.00000
			13	Property Insurance Reserve	56.660				
			14	Tariff and Dividend Control Reserve	56.670				0.00000
			15	Development Rebate	56.680				0.00000
			16	Development Fund56.690					0.00000
0.00000	0.00000	0.00000		TOTAL RESERVES		0.00000	4227.61989	0.00000	4227.61989
				RESERVE FUNDS					
			1	Gratuity Fund	57.130				
			2	C.P.Fund	-				
	16.63836	16.63836	3	Staff Pension Fund	57.140				
			4	Staff Welfare Fund	57.150	0.00000	18.32729	18.32729	0.00000
			5	Staff Benevolent Fund	57.153				
0.00000	16.63836	16.63836		TOTAL RESERVE FUNDS		0.00000	18.32729	18.32729	0.00000
0.00000	16.63836	16.63836		TOTAL	0.00000	0.00000	4245.94718	18.32729	4227.61989

STATEMENT OF ACCOUNTING POLICIES

STATEMENT - 4

Statement on compliance with the Section 185(2)(d) of the Electricity Act. 2003.

The MSETCL has maintained its accounts and complied its Annual Statement of Accounts in accordance with the Section 185(2)(d) of the Electricity Act. 2003.

The following departures from the Basic Accounting principles and Accounting Policies (as permitted under the Rules) have been made for the reasons stated there against.

(a) Capitalisation of the Expenditure of Construction-cum O&M Units.

As per Rule 2.10 of Annexure III-Basic Accounting Principles and Policies of the Rules, the employee costs excluding terminal benefits, bonus and ex-gratia of the staff who are deployed exclusively or largely on capital schemes only will be capitalised and the rest of the staff costs would be charged to revenue. No part of the general establishment charges of the offices looking after both Const.O&M actually would however be capitalised.

Further as per Rules 2.9 of Annexure III, the procedure laid down by the Electricity (Supply)(Annual Accounts) Rules 1985, the employee costs of purely construction units could only be capitalised which was done hitherto before also. However, it is difficult to identify whether the common staff looking after both the Const. and O & M activity is largely deployed in Capital Works etc. and in the absence of such identification, these costs would have to be charged to revenue. Rightly, some share of the common staff costs is chargeable to capital expenditure. Similarly, some portion of the general establishment charges such as telephone, stationery, rent, taxes, vehicle expenditure etc. also is rightly allocable to capital expenditure. Consequently, if the procedure as per the electricity (Supply)(Annual Accounts) Rules 1985 is followed, a large portion of Const.Cum O & M Division and Sub-Divisional expenditure (Employee Costs and General Estt. Charges) including Civil Const.Cum Maint. Division would now be required to be charged to revenue.

In the case of H.O. which is also a supervisory office looking after both the Const. and O & M activity, we have been allocating the expenditure between capital and revenue on pre-set percentage basis. Perhaps the employee costs of the staff deployed exclusively or largely on capital jobs as prescribed in the rules may mean that this is pertaining to only the direct employee costs and the rules presumably do not apply to the supervisory offices staff costs. MSETCL has therefore continued existing procedure of capitalisation of portion of employee costs as well as general estt. charges of the units supervising both capital and O & M works on the existing basis i.e. based on the predetermined percentages.

(b) Material Accounting

As per the Schedule 21 of the Electricity (Supply) (Annual Accounts) Rules 1985, all advances to suppliers/contractors whether covered under direct debit procedure or not would be grouped with the capital expenditure in progress.

The Material received in stores under direct debit procedure is now required to be exhibited as "Current Assets" under stock, capital stores. The material at site for materials covered under both Direct Debit procedure as well as other than Direct Debit procedure would now be required to be exhibited under "Current Assets" as material at site as a part of stock account.

The exhibition of the capital expenditure, capital stock and material at site account explained above would lead to anomalous exhibition of "Capital Expenditure in Progress" but when the material is received there against, the capital expenditure in progress gets reduced as the same would be covered under current assets "Stock of Materials". Similarly, the material at site which is a part and parcel of capital expenditure in progress will not be exhibited as such but would be covered under Current Assets "Stock of materials."

To avoid incorrect exhibition as explained above, the MSETCL has continued to follow the existing procedure about exhibition of the "Capital expenditure in Progress". The same will include the stock of material received under Direct Debit to works, procedure as well as materials at site (Capital).

(c) Freight in F.O.R. Destination Purchases.

"According to para 2.20 (6) to Annexure V to Electricity (Supply) (Annual Accounts) Rules 1985, freight on materials purchased (whether incurred and billed by the supplier or incurred by the MSETCL) shall not be treated as materials cost and shall be recorded in a separate account provided for this purpose.

The MSETCL has, however, been placing orders on F.O.R. destination basis including cost, freight, insurance, duties and taxes etc. The element of freight included in F.O.R. destination price of materials is inseparable part of cost of materials and percentage of freight, insurance and packing forwarding charges indicated in the A.T.S. is only estimated and

the same is indicated in the orders in order to avoid payment of Excise Duty on freight, insurance etc. Further the accounting of freight included in F.O.R. cost of material as cost of materials will only give true and fair view of the MSETCL and of true surplus/deficit of the MSETCL. The MSETCL has therefore continued the existing procedure of accounting freight included in F.O.R. destination price as cost of materials.

(d) Accounting of Losses in the Year of its Approval.

According to Para 2.125 to Annexure III to Electricity (Supply) (Annual Accounts), Rules 1985, loss on account of fire, cyclone, flood, etc. shall be treated as loss for the year in which the loss was incurred.

However the MSETCL is persistently following the procedure of booking the loss on account of flood, fire cyclone, etc. in the year in which the said loss is approved for write off. This is because before submitting the case for write off, necessary investigations and scrutiny along with the reasons, amount of loss etc. is required to be done and then only the amount of loss to be written off can be correctly arrived at. By the time investigation and scrutiny is complete, the Accounts for the year during which loss occurred are closed. Further accounting of loss in the year in which the same is approved for write off after detailed investigation will correctly reveal the surplus/deficit of the MSETCL. The same also holds good for losses on account of shortages vide Rule 2.20(12) to Annexure V ibid. As such the MSETCL has continued its practice of booking the loss in the year in which the same is approved for write off.

(e) Earned leave encashment

Actuarial value of Leave Encashment liability as on 31-03-07 has been provided in the year 2006-07.

NOTES TO BALANCE SHEET AS AT 31st MARCH, 2007

1. **MSETCL** has been incorporated under the Companies Act, 1956 on 31st May, 2005. However as per clause (2)(d) of the Maharashtra Electricity Reforms Transfer Scheme, 2005 of the Government of Maharashtra notified on 4th June 2005 the "Date of Transfer" is the respective date notified by Government of Maharashtra for effecting transfer of properties, interest, rights and liabilities, proceedings or personal as the case may be to the relevant Transferee. As per clause 5(3) the said transfer scheme, the functions, business and undertakings forming part of MSETCL shall stand transferred to and vest in MSETCL on and from 6th June 2005, on the same line Accounts for the year 2006-07 have been complied.

2. Fees for the Financial Year 2006-07 includes the following

To Statutory Auditor

Audit Fee		Rs. 6,00,000/-
Out of Pocket Expenses		Rs. 2,00,000/-
Service Tax		Rs. 74,160/-
	Total (A)	Rs. 8,74,160/-

To Others

Tax Audit Fee		Rs. 30,000/-
Service Tax		Rs. 3,708/-
Cost Audit Fee (inclusive of service tax and out of pocket expenses)		Rs. 3,45,000/-
	Total (B)	Rs. 3,78,708/-
	Total (A + B)	Rs. 12,52,868/-

3. Earnings Per Share

The elements considered for calculation of Earning Per Share (Basic) are as under:

	This Year 2006-07
Net Profit after tax used as numerator (Rs in lakhs)	1,68,86,31,383
Weighted average number of equity shares used as denominator	50,000
Earning per share - Basic (Rs)	33,773/-
Face value per share (Rs)	10

The elements considered for calculation of Earning Per Share (Diluted) are as under:

	This Year 2006-07
Net Profit after tax used as numerator (Rs in lakhs)	1,68,86,31,383
Weighted average number of equity shares used as denominator	2,69,60,42,045
Earning per share - Diluted (Rs)	0.63
Face value per share (Rs)	10

4. The company is engaged in the business of transmission of electricity and operates only in the state of Maharashtra. Disclosures for function-wise break up of Revenue (Statement 6) and Fixed Assets (Schedule 20) as required by ESAAR are however made in the financial statements.

5. The holding company has during the year obtained a valuation report from an independent valuer for all fixed assets (except office equipments, vehicles and furniture and fixtures) of MSETCL located at O & M circles. The depreciated replacement cost of these fixed assets as on 5th June 2005 as per the said valuation report is Rs. 107,92,92.73 lakhs as compared to the net block of these assets of Rs. 412425.56 **lakhs**. In **the** view of the company, since the value of these operating assets is substantially higher than the books value thereof, there is no impairment in the value of these assets

6. In accordance with MERC Order Dt. 28.06.2006 , the Company has created Contingency Reserve of Rs 4226 lakhs

NOTES TO ACCOUNTS

STATEMENT - 5

	From 01-04-06 To 31-03-07 Rs.	From 06-06-05 To 31-03-06 Rs.
1. Commitments for Capital Expenditure : Contracts placed but not executed and not provided for Works Authorised but not contracted Total	NIL	NIL
2. Aggregate amount of Capital Liabilities falling due for Repayment / Redemption next year (*Except IDBI Loan and other Loans)	Nil	Nil

2. Lien etc. on MSETCL's Assets.

The MSETCL obtained loan Rs. Nil from Life Insurance Corporation of India during the year 2006-07 bringing the total loan against mortgage of Fixed Assets to Rs. 198.46 crores. The value of Fixed Assets so mortgaged stood at Rs.472.84 crores as on 31.03.2007.

3. Accumulated losses and unabsorbed Depreciation as received from erstwhile MSEB as a share in demerger after set-off of Business Loss of Rs. 1,67,83,55,966 and Unabsorbed Depreciation of Rs. 3,65,73,95,577 for the Assessment year 2006-2007 & accounting year 2005-06 in the Income Tax proceedings.

Accumulated Losses	Rs. NIL
Unabsorbed Depreciation	Rs. 7,75,38,47,636
Total	Rs. 7,75,38,47,636

Above figures are subject to final assessment by Income Tax Department of erstwhile MSEB

4. Classification of Expenditure:

“All expenses are reflected in Revenue account under natural heads. Accordingly expenses shown under Repairs and Maintenance do not include any employee costs, depreciation, administration and general expenses and interest and finance charges which are disclosed separately”.

5.Total Energy (in Million Units)

		From 01-04-06 To 31-03-07	From 06-06-05 To 31-03-06
Total Energy Transmitted (in Million Units)(Net)	73142.000	55760.943	

6. Purchase,issues and Stock of Materials

(Value recorded in Account heads 22.2.to 22.6 disclosed here)

PARTICULARS	ACCOUNT CODE	From 01-04-06		From 06-06-05	
		To 31-03-07		To 31-03-06	
		RS.	RS.	RS.	RS.
A. Opening Stock					
Capital	22.60 & 22.61	199427705		203633612	
O&M	22.62 & 22.63	498471330		<u>176335878</u>	
	TOTAL		697899035		379969490
B. Purchases					
Capital	22.20 & 22.21	- 46910600		18119680	
O&M	22.22 & 22.23	1823492732		<u>987150774</u>	
	TOTAL		1776582132		1005270454
C. Opening Stock + Purchase (A+B)			2474481167		1385239944
D. Issue for Consumption					
Capital	22.30 & 22.31	5606783		21860892	
O&	M22.32 & 22.33	1703517943		<u>665015322</u>	
	TOTAL		1709124726		686876214
E. Issue to contractor					
Issues	22.34 & 22.35			<u>464695</u>	
Returns	22.36 & 22.37				
	TOTAL				464695
F. Total Issues (D+E)			1709124726		687340909
G. Closing Stock					
Capital	22.60 & 22.61	146910322		199427705	
O&M	22.62 & 22.63	618446119		498471330	
	TOTAL		765356441		697899035

FUNCTIONWISE BREAK-UP OF REVENUE AND EXPENDITURE FOR THE YEAR 2006-07

STATEMENT - 6
(RS IN LAKHS)

Sr. No.	PARTICULAR	Transmission 66 KV & above	Consumers Servicing	Civil Maintenance	Stores	Administration & Management	GRAND TOTAL
1	2	3	4	5	6	7	8
	REVENUE						
1	Revenue from Transmission Charges	1623.34037	0.00000	0.00000	0.00000	140663.17173	142292.51210
2	Revenue Subsidies & Grants	0.00000					
3	Other Income	306.94034	0.00000	65.76223	497.48087	3113.59016	3983.77360
	TOTAL INCOME	1936.28071	0.00000	65.76223	497.48087	14776.76189	146276.28570
	EXPENSES						
1	Purchase of Power						
2	Generation of Power i)Fuel Consumption ii)Other fuel related costs iii)Operating Expenses						
	Sub Total (i to iii)						
3	Fuel related losses.						
A	TOTAL OF (1 TO 3)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
1	Repairs & Maintenance	13458.26279	0.00000	1757.59085	3.82338	1066.78202	16286.45904
2	Employee Costs	33911.39445	0.00000	2773.31830	350.12560	8348.97583	45383.81418
3	Administration & General Expenses	3476.71372	0.00000	133.20700	101.89791	2257.90500	5969.72363
4	Depreciation & Related Debit	46482.70005	0.00000	95.16467	18.61448	855.56710	47452.04630
5	Interest & Finance Charges	12.54271	0.00000	1.41295	1.08984	22516.88495	22531.93053
6	Other Debits	85.99279	0.00000	0.00009	0.02532	52.34166	138.35986
7	Extra Ordinary items	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
8	Net Prior Period Cr./Dr.	-756.88775	0.00000	-52.51543	-7.50066	-229.60713	-1046.51097
9	Provision for Income Tax		0.00000	0.00000	0.00000	2236.00000	2236.00000
	TOTAL OF (1 TO 9)	98184.49606	0.00000	4813.20929	483.07719	37564.06197	141044.84451
C	TOTAL OF A + B	98184.49606	0.00000	4813.20929	483.07719	37564.06197	141044.84451
	LESS						
10	Expenses Capitalised	6650.40559	0.00000	29.83396	0.00000	2244.17569	8924.41524
11	Expenses reallocated						
12	Interest Capitalised		0.00000	0.00000	0.00000	2730.45740	2730.45740
	TOTAL OF 10 TO 12	6650.40559	0.00000	29.83396	0.00000	4974.63309	11654.87264
	Surplus / (Deficit)	- 89597.80976	0.00000	- 4717.61310	14.40368	111187.33301	16886.31383

SOURCES AND USES OF FUNDS

**STATEMENT-7
(RS IN LAKHS)**

Particulars	This Year 2006-07	Previous Year From 06-06-05 to 31-03-06
FUNDS PROVIDED BY		
Profit before Tax(excluding Revenue Subsidies & Grants)	12660.31	33783.78
Less : Tax payments during the year	3534.57	4179.21
	9125.75	29604.57
Add: Debits to Revenue Account not requiring Cash Outlay		
Depreciation.	47630.46	38871.56
Amortisation of Deferred Costs	1023.03	864.88
Amortisation of Intangible Assets	10.40	10.11
	48663.89	39746.55
Less : Credits to Revenue Account not involving Cash Receipt		
	0.00	0.00
Net Funds from Earnings	57789.64	69351.12
Add: Receipts of Revenue Subsidies & Grants		0.00
Contributions, Grants & Subsidies towards cost of Capital Assets	10103.25	2827.36
Proceeds from disposal of Fixed Assets		
FUNDS FROM OPERATIONS (A)	67892.89	72178.48
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stock	3049.16	4180.94
Receivables of STU from Distribution Licencees	13317.58	
Receivables against Transmission Charges	3001.01	26457.16
Loans & Advances	4290.70	721.18
Sundry Receivables	-11020.73	20983.13
Subsidy Receivable from Govt.		0.00
Sub- Total	12637.73	52342.41
Security Deposit from Consumers		0.00
Current & Accrued Liabilities	-2256.52	31999.73
Payable of STU to Transmission Licencees	13317.58	
Sub Total	11061.06	31999.73
Net Increase / (Decrease) in Working Capital	1576.67	20342.68
Add:-		
Increase / (Decrease) in Cash & Bank Balances	6935.04	284.53
Less:-		
Increase / (Decrease) in Borrowing for Working Capital	0.00	0.00

Funds Utilised/(Provided from) on Working Capital (B)	8511.71	20627.21
Net Funds from Operations (C) = (A)-(B)	59381.18	51551.27
FUNDS UTILISED ON CAPITAL EXPENDITURE		
Fixed Assets including		
Capital Work-in-Progress	48773.11	40521.15
Intangible Assets	63.82	0.00
Assets not in Use	0.00	53.40
Deferred Costs	3.35	388.63
Total Capital Expenditure (D)	48840.28	40963.18
Shortfall in Capital Funds met from External Sources (E) = (D)-(C)	-10540.91	-10588.09
Net Increase / (Decrease) in Capital Liabilities		
Fresh Borrowings		
State Loans	0.00	0.00
Foreign Currency Loans/Credits	69.37	154.68
Other Borrowings	31205.80	12756.06
	31275.17	12910.74
Less :		
Repayments State Loans	0.00	0.00
Foreign Currency Loans/Credit	3571.05	2253.74
Other Borrowings	27946.64	21250.10
	31517.69	23503.84
Net Increase / (Decrease) in Capital Liabilities	-242.53	-10593.09
Add:-		
Increase/(Decrease) in "Payments due on Capital Liabilities"	0.00	0.00
Increase in Equity Capital	0.00	5.00
Increase/(Decrease) in Reserves and Reserve Funds	4227.62	
Net Increase/(Decrease) in Capital Liabilities	3985.09	-10588.09
Add: Net (Increase)/Decrease in investments	-14526.00	0.00
Net Capital Funds from External Sources (F) = (E)	-10540.91	-10588.09
Net Funds from Operations as a percentage of Total Capital Expenditure (C) / (D)	121.58%	125.85%

STATEMENT OF CAPITAL BASE AND SURPLUS

(Under Section 59 of the Electricity (Supply) Act 1948)

STATEMENT-8**(RS IN LAKHS)**

Sr. No.	Particular	Schedule	At the Beginning of this year 2006-07	At the Beginning of previous period 06-06-05 to 31-03-06
1	Original cost of Fixed Assets	19	868295	839088
2	Less: Accumulated Depreciation	19	432429	388692
3	Net Block (1-2)		435866	450396
4	Consumers' Contribution	34	2827	0
5	Capital Base (3-4)		433039	450396
6	Surplus (Under Section -59)		19487	16620
7	Surplus as % of Capital Base (Under Section-59)		4.50%	3.69%
8	Actual Surplus		16886	30812
9	Actual Surplus as % of Capital Base		3.90%	7.07%

STATEMENT OF TECHNICAL PARTICULARS

STATEMENT-9

Sr. No.	Particular	This Year 2006-07	Previous Year From 06-06-05 to 31-03-06
1	Installed Generating Capacity (in MW) at the year end.		
	Hydel N.A.	}	}
	Thermal		
	Gas		
	Total	0.000	0.000
2	Normal Maximum Demand on the System(in MW)		
	(a) Restricted	}	}
	(b) Unrestricted		
3	Plant Capacity available at the time maximum system demand was met (as a % of Declared Net Capacity of generating stations.)	N.A	N.A
4	Plant Load Factor(Thermal)		
5	Generation(in Million KWH)		
	Hydel	}	}
	Thermal		
	Gas		
	Total	0.000	0.000
6	Auxiliary Consumption (in Million KWH)		
7	Power Purchased (in Million KWH)Sources		
	1. Tatas	}	}
	2. Tarapur		
	3. M/s.RCF & ONGC		
	4. NTPC		
	5. Kakrapar		
	6. Co-Generation		
	7. Wind Generation		
	8. B.H.E.P (Dodson)		
	9. Energy (Hydro/CPP/Wind) wheeled in system		
	10. Others		
	Total		0.000
8	Power available for Sale (in Million KWH) (5-6+7)		
9	Energy Wheeled (in Million KWH) (Net)	73142.000	55760.943
10	Transmission & Distribution Losses (in Million KWH) (8-9) As a % of total power available for sale		
11	a) Fuel Consumption	}	}
	Coal (Th.M.T.)		
	Oil(K.L.)		
	Gas(Million SMC)		
	* Subject to reconciliation		
	b) Average Calorific Value per Kg. of Fuel consumed (in K.Cal/Kg.)		
	Coal (Weighted average)		
	L.D.O		
	F.O.		
	L.S.H.S		
	H.S.D		
	GAS		
	c) Consumption per Unit of Generation	N.A.	N.A.
	Coal(Kg/KWH)		
	Oil (ML/KWH)		
	Gas (SMC/KWH)		

Sr. No.	Particular	This Year 2006-07		Previous Year From 06-06-05 to 31-03-06	
		No. of Consumers	Connected load in MW	No. on Consumers	Connected load in MW
12	Sale of Power(Consumer Category)				
	i) Domestic				
	ii) Commercial				
	iii) Public Lighting				
	iv) Irrigation and Watering				
	v) Public Water Works				
	vi) Industrial (LT/HT) (Power -Intensive Special)		N.A.		
	vii) Railway Traction (Non-Traction)				
	viii) Bulk Supply (Licensees)				
	ix) Outside Supplies				
x) Miscellaneous (Military)					
	TOTAL	0			0

CASH FLOW STATEMENT

(Rs. in Lakhs)

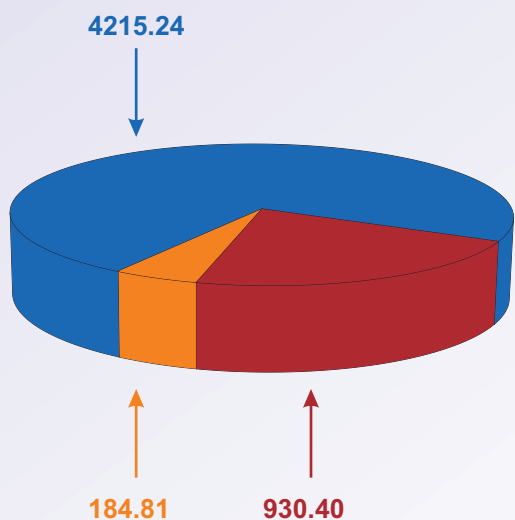
Particulars	This Year 2006-2007	Previous Period 06.06.05 to 31.03.06
A. Cash flow from Operating activities		
Net profit before Taxation and Extra Ordinary Items	16886.31	33783.78
Adjustments		
Exchange Variance		
Depreciation	47630.46	38871.56
Amortisation of Deferred Costs / Intangible Assets	1033.43	874.99
Income from interest on investments	(379.16)	(11.07)
Interest and Finance Charges	22531.93	18855.15
Operating Profit before working capital changes	70816.66	58590.63
Increase in Current Assets	(12637.73)	(52342.41)
Increase In Current Liabilities	11061.06	31999.77
Cash Generated from Operations	(1576.67)	(20342.68)
Less : Taxes paid during the year	(3534.57)	4179.21
Net Cash from Operating Activities.(Total A)	65705.43	34068.74
	82591.74	67852.52
B. Cash Flows from Investing activities		
Consumers Contributions towards cost of Capital Assets	10103.25	2827.36
Capital Expenditure during the period	(48840.28)	(40963.18)
Income from interest on investments	379.16	11.07
Investment	(14526.00)	0.00
Net Cash from Investing Activities.(Total B)	(52883.87)	38124.75
C. Cash flows from financing activities		
Exchange Variance		
Equity Share Capital	0.00	5.00
Loans (refund)	(242.53)	(10593.09)
Interest and finance charges	(22531.93)	18855.15
Net Cash from Financing Activities. (Total C)	(22774.46)	(29443.24)
Net increase in Cash and Cash Equivalents. (Total A+B+C)	6935.04	284.53
Cash and Cash Equivalents at the beginning of the period	1001.62	717.09
Cash and Cash Equivalents at the end of the period	7936.66	1001.62






M.S.E.T.C.LTD.

CHARTS / GRAPHS

BALANCE SHEET AS ON 31.03.2007








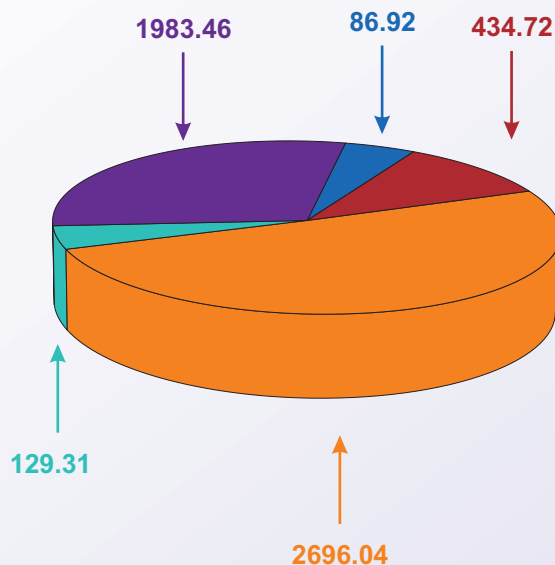
TOTAL ASSETS (RS. IN CRORES)

	NET FIXED ASSETS	4,215.24
	CAPITAL EXPENDITURE IN PROGRESS	930.40
	OTHER ASSETS (INCLUDING INVESTMENTS ETC.)	184.81

TOTAL ASSETS	5,330.45
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FINANCED BY (RS. IN CRORES)

	NET CURRENT ASSETS	86.92
	SURPLUS	434.72
	EQUITY CAPITAL	2,696.04
	CONTRIBUTIONS, GRANT & SUBSIDY TOWARDS COST OF CAPITAL ASSETS	129.31
	CAPITAL LIABILITIES (INCLUDING PAYMENTS DUE ON CAPITAL LIABILITES)	1,983.46

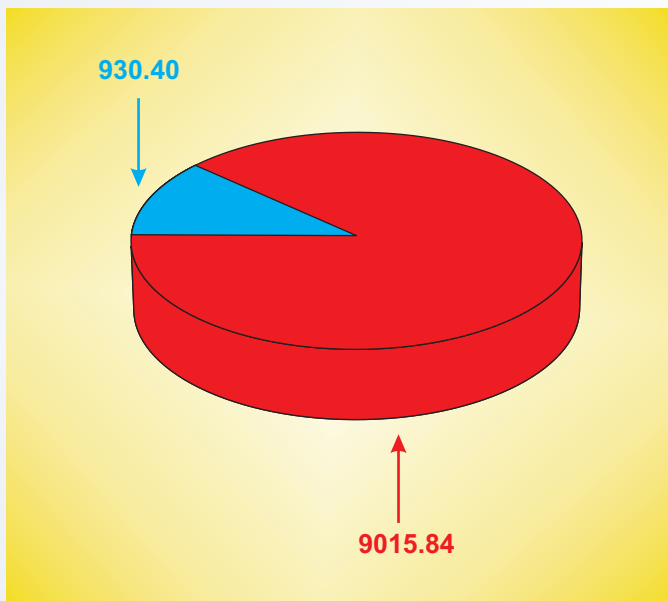




TOTAL FUNDS	5,330.45
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GROSS FIXED ASSETS & WORK IN PROGRESS

(RS. IN CRORES)

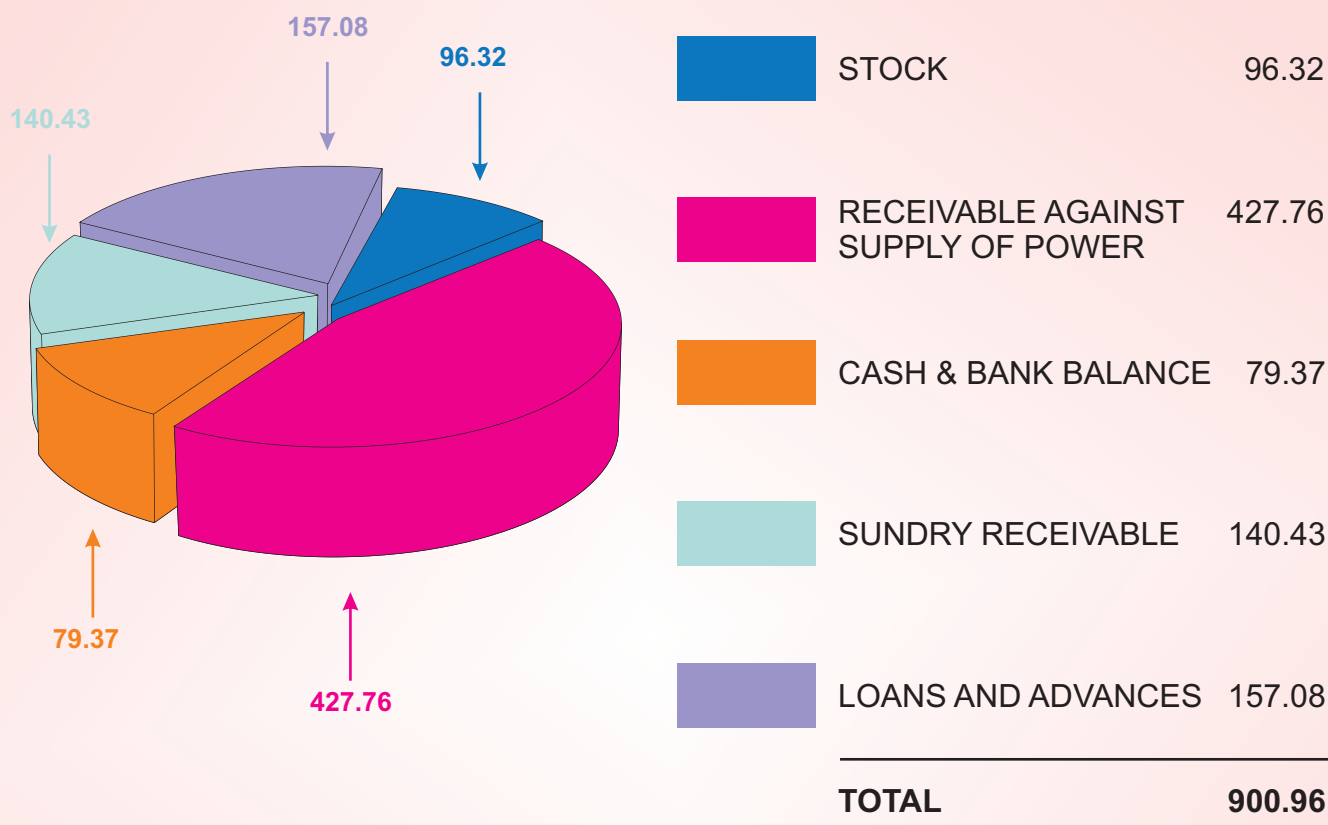
AS ON 31.03.2007



	GROSS FIXED ASSETS	9015.84
	WORK IN PROGRESS	930.40
<hr/>		
	TOTAL	9946.24
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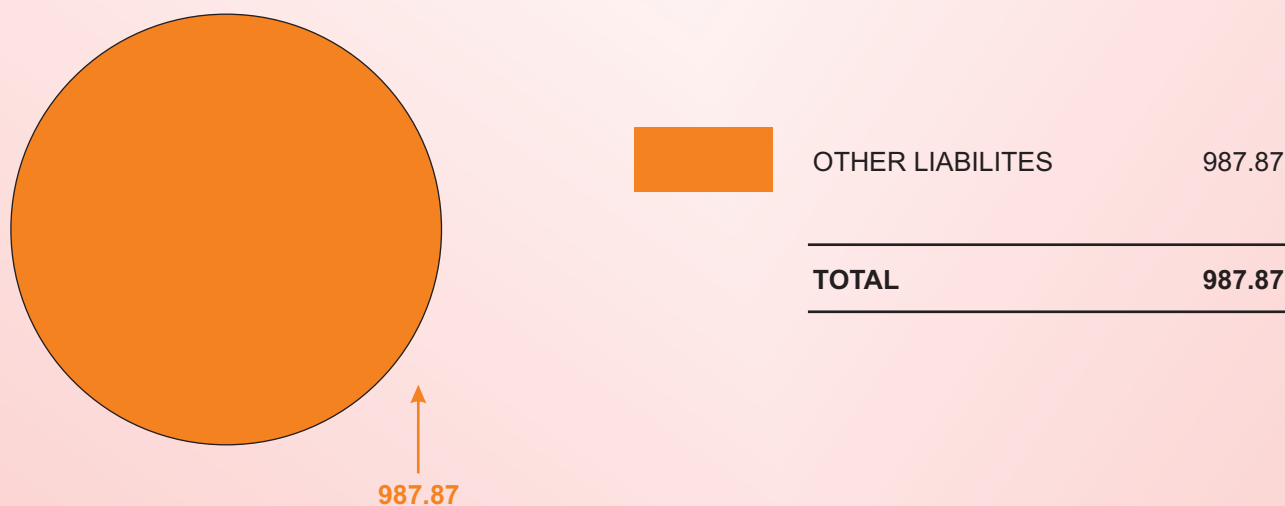
CURRENT ASSETS CURRENT LIABILITIES (RS. IN CRORES)

AS ON 31.03.2007

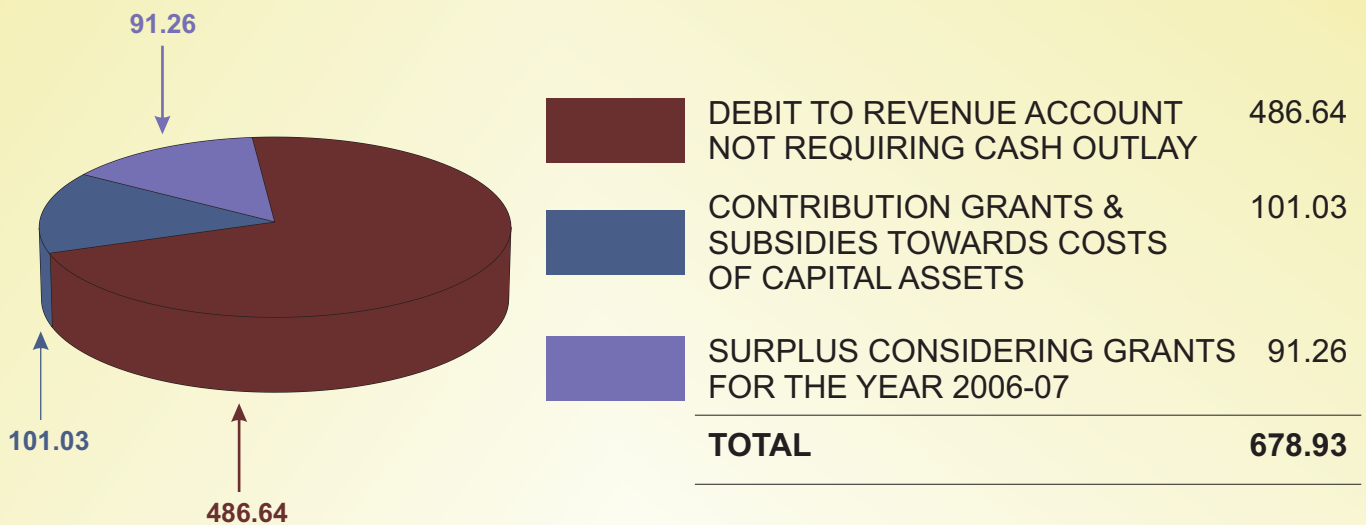


OTHER LIABILITES

(RS. IN CRORES)
AS ON 31.03.2007



SOURCES OF FUNDS FOR 2006-07 (RS. IN CRORES)



UTILISATION OF FUNDS FOR 2006-07 (RS. IN CRORES)

